

COUNTY OF ORANGE
2004 Business Plan

TREASURER-TAX COLLECTOR DEPARTMENT

January 14, 2004



Approved:

John M. W. Moorlach, C.P.A., CFP®
Treasurer-Tax Collector

TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY _____	3
II.	MISSION STATEMENT & DEPARTMENTAL GOALS _____	4
III.	CHALLENGES _____	18
IV.	RESOURCES _____	22
APPENDIX A	ACCOMPLISHMENTS _____	25
APPENDIX B	SERVICE ENVIRONMENT _____	31
APPENDIX C	CLIENT PROFILE _____	33
APPENDIX D	ORGANIZATIONAL CHART _____	36
APPENDIX E	TREASURER-TAX COLLECTOR MANAGEMENT TEAM _____	37
APPENDIX F	LABOR MANAGEMENT COMMITTEE _____	40
APPENDIX G	BUSINESS PLAN TEAM _____	40
APPENDIX H	ATS NEEDS ASSESSMENT _____	41
APPENDIX I	JOHN WAYNE INVESTMENT POOL LETTER _____	46

I. EXECUTIVE SUMMARY

Welcome to our seventh annual departmental Business Plan! We hope that you find this document both helpful and interesting.

Our mission is simple: Providing efficient and effective investment, cash management and property tax collection services for the County, cities, special districts and school districts. And we are doing it year in and year out.

We continue to experience growth in the County. The new construction figures are at historic highs. We have diligently incorporated technical efficiencies to handle the increasing workloads.

But this little department has been under assault. We have seen data processing center costs increase beyond the realm of affordability. We have seen the recently departed Governor's Department of Finance refuse to honor an AB 589 grant application because of the number of signatures raised in Orange County to accomplish his successful recall. We have endured a lawsuit that is designed to destroy Proposition 13 as we know it. We have a state that has managed its spending "irresponsibly," according to the new occupant of the Governor's office, which has created a severe impact on counties and their respective departments.

We predicted these difficult times. Read our last Business Plan. Times are tough. And, as they say, "when the going gets tough, the tough get going."

Accordingly, we will be looking at several major fronts for this year. One step towards progress will be to encourage John Wayne Airport to merge their Money Market Pool into the County's. Believe it or not, when we're doing trades in the \$200 million range, minimum, every day, managing a \$38 million portfolio is a chore. Investments smaller than \$2 million must be pursued. And if downsizing is the mantra, this is one area of cooperation we must consider.

We will pursue outside participants. With an expectation of declining fund balances our expense ratio will increase. One of the best ways to offset this dilemma is by encouraging deposits from outside participants. Our operating efficiencies will benefit them with more competitive yields. It's a win-win. And it requires shaking off incorrect perceptions created by our infamous bankruptcy filing. It's time to move on. It's time to stop being bitter. It is time to be better.

We may even restructure our entire organization. We hope to eliminate positions over the next few years where the efficiencies that we have achieved will allow us to do so. We hope to accomplish this through natural attrition. It will not be easy. But, considering the political climate we are in, it cannot be ignored.

One only needs to look at the number of employees in each department in 1994 and compare them to 2004 to see that the Treasurer-Tax Collector has more than pulled its weight on behalf of the taxpayers of Orange County. We are resilient. But outside forces demand that we cut into the muscle. We know that other departments are facing similar difficulties. One can only hope that the County's leadership will be equitable in their future decisions on behalf of its most important resource, its employees. We are all aware of the challenges. And we are up to the task.

II. MISSION & GOALS

Mission Statement

To provide efficient and effective investment, cash management and property tax collection services for the County, cities, special districts and school districts.

Goals

- Manage and preserve the investment of all service recipient funds
- To collect all property taxes for service recipients in accordance to applicable laws

Goal 1

Manage and preserve the investment of all service recipient funds

Strategic Plan 1.1	Implement a periodic self-review of departmental internal controls.
Strategic Plan 1.2	Upgrade Quantum Treasury Management System to Version 4 to utilize enhanced bond accounting features.
Strategic Plan 1.3	Establish an electronic interface for transmission and posting of all fund accounting transactions related to the Orange County Department of Education and County school districts.
Strategic Plan 1.4	Implement Controlled Disbursements program for the Department of Education.
Strategic Plan 1.5	Augment the number of voluntary participants in the Treasurer's Investment Pool in order to reduce the administrative cost to all account holders.
Strategic Plan 1.6	Research the feasibility of rescinding the Federal Aviation Administration's (FAA) mandate for a separate investment pool for John Wayne Airport. (See Appendix I, attached)

Goal 2

To collect all property taxes for service recipients in accordance with applicable laws

Strategic Plan 2.1	Obtain new skip tracing software that will allow us to subscribe to a nationwide service for locating debtors.
Strategic Plan 2.2	Continue to improve the 2-Pass Remittance System by introducing and implementing new and improved methods of transaction processing.
Strategic Plan 2.3	Develop an efficient and advanced Refund Release method by evaluating, fine-tuning and utilizing Document Analyzer system, in partnership with the vendor.
Strategic Plan 2.4	Evaluate possibilities of developing new in-house management statistics for Remittance and Cashiering staff activities on ATS. If necessary, establish new controls and prepare new procedures to maintain overall control.

Strategic Plan 2.5	Partner with interested County Treasurer-Tax Collectors to develop an electronic payment capability for multiple tax payments online, a solution targeted to Title Companies and Tax Service (CORTAC) companies.
Strategic Plan 2.6	Collaborate with the Assessor and Auditor-Controller to consolidate assessment and tax collection information for sale to commercial accounts.
Strategic Plan 2.7	Addition of Workflow imaging software for processing of payments requiring special handling. (Carry-over from 2003)
Strategic Plan 2.8	Investigate and analyze the costs and level of effort required for implementation of a new County Automated Call Distribution (ACD) system in conjunction with the implementation of a new Interactive Voice Response (IVR) system that provides screen "pop-up" functionality. With this system, the Tax Information staff (Customer Service) will have an immediate view of the caller's tax information as the call is fielded, providing greater Constituent satisfaction and Agency efficiency.
Strategic Plan 2.9	Complete Phase 1 of the ATS Re-Engineering project: Develop requirements and "Roadmap" for a new ATS system. (See Appendix H, attached)
Strategic Plan 2.10	Analyze the possibility and effort to upgrade the Cashiering system for seamless integration with the Remittance Processing system.

Additional strategies applicable to the Treasurer -Tax Collector department

Strategic Plan 3.1	Continue to provide employee development training opportunities to managers and staff.
Strategic Plan 3.2	Continue the development of employee recognition and achievements. Communicate programs such as MPP and PIP.
Strategic Plan 3.3	Upgrade the Agency network and email systems to versions that provide greater functionality and effectiveness.
Strategic Plan 3.4	Implement recommendations made by an independent system security service to improve network and system security and performance.
Strategic Plan 3.5	Enhance e-government capabilities.

Key Outcome Indicators

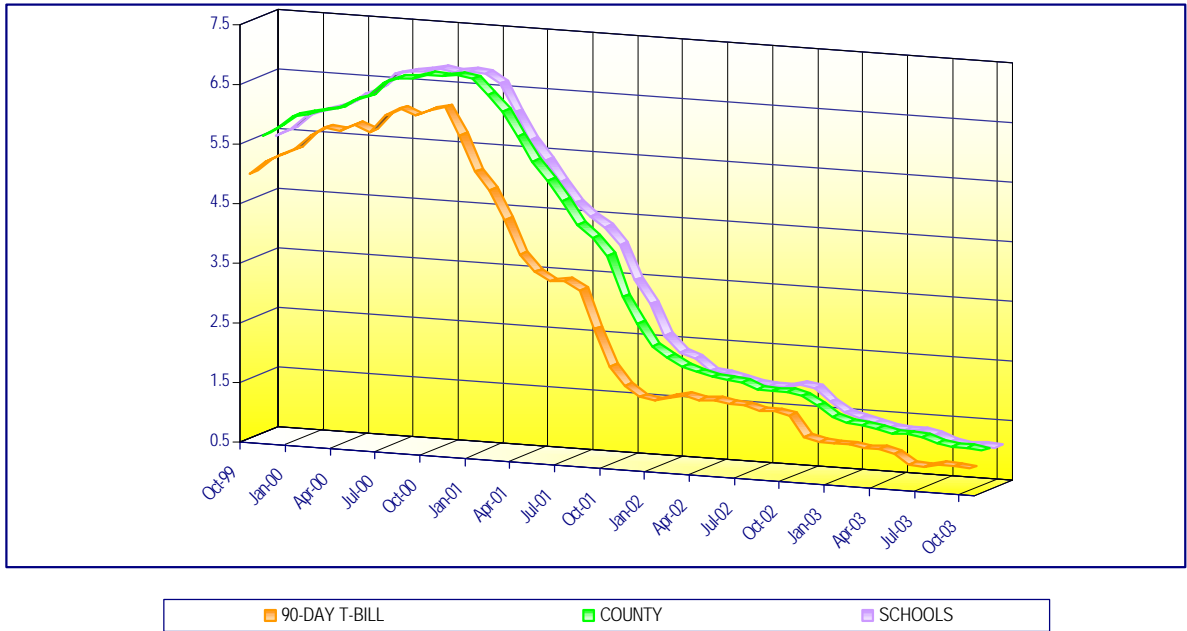
1. Obtain a portfolio yield that meets or exceeds the 90-day US Treasury Bill and money market benchmarks within parameters of investment policy. *(Page 8)*
2. Maintain administration fee charged to all pool participants. *(Page 9)*
3. Maintain highest rating of investment pools (AAA/V-1+ per Fitch and Aaa/MR1 per Moody's Investor Service). *(Pages 10-15)*
4. Exceed State property tax collection rates for secured and unsecured property by minimizing unpaid taxes. *(Annual Property Tax Collection Graphs, Page 16)*
5. Maintain a maximum invested cash position. *(Page 17)*

Key Outcome Indicators Reporting

OUTCOME INDICATOR	FY 2002-03 RESULTS	FY 2003-04 PLAN	FY 2003-04 ANTICIPATED RESULTS	FY 2004-05 PLAN	HOW ARE WE DOING?
NET INVESTMENT RETURN What: Within parameters of the investment policy, obtain a portfolio yield that meets or exceeds the 90-day US T-Bill and money market benchmarks. Why: To continue to provide safe, efficient and effective investment returns for our clients.	Interest rates remained stable.	The Treasurer's Investment Committee expects interest rates to change in 2004.	Higher short-term interest rates	Increase participant earnings during the fiscal year	On target.
ADMINISTRATION FEE CHARGED TO POOL PARTICIPANTS What: To charge the lowest administration fee possible. Why: To provide a modest investment return to pool participants with minimum administrative costs.	Administration fee stayed at 12.50 basis points (i.e. 0.125%).	Administration fee to remain at 12.50 basis points (i.e. 0.125%)	Administration fee to remain at 12.50 basis points (i.e. 0.125%)	Administration fee to remain at 12.50 basis points (i.e. 0.125%)	On target.
RATING OF INVESTMENT POOL What: Maintain highest rating. Why: To assure safest money market practices are being followed.	The Commingled and the Educational investment pools retained their credit ratings. Moody's: Aaa MR1 & Fitch: AAA/v1+	Preserve the investment pools credit ratings. Moody's: Aaa MR1 & Fitch: AAA/v1+	Maintain credit ratings. Moody's: Aaa MR1 & Fitch: AAA/v1+	Keep up the investment pools "triple A" credit ratings.	On target.
STATE PROPERTY TAX COLLECTION RATES FOR SECURED AND UNSECURED PROPERTY What: Exceed State property tax collection rates for secured & unsecured property by minimizing unpaid taxes. Why: To maximize collections in property taxes for service recipients and County General Fund.	County of Orange collection percentage ratings for Secured and Unsecured taxes exceeded state median. Of the 58 counties in the State of California, the County of Orange Secured tax collection improved from 5 th to 2 nd with a 98.7% collection percentage. The County of Orange Unsecured tax collection improved from 18 th to 15 th highest with 97.1% collection percentage.	To continue to exceed the state median.	To continue to exceed the state median.	To maintain high collection rankings and percentages.	On target.
INVESTED CASH POSITION (PERCENT OF AVAILABLE FUNDS INVESTED) What: Maintain a maximum invested cash position. Why: To enhance portfolio returns on invested cash by minimizing idle funds.	FY 2002-2003 Results The average invested cash for the County was 99.82% and 99.86% for the Department of Education.	The average percent invested should remain constant in the 99.80% - 99.90% range	In the first quarter, the average percent invested is slightly lower than the plan. However, the overall annual range of 99.80% - 99.90% remains accurate.	The average percent invested should climb slightly higher for this fiscal year due to the addition of controlled disbursements for the Department of Education and the reinstatement of sweep products.	On target.

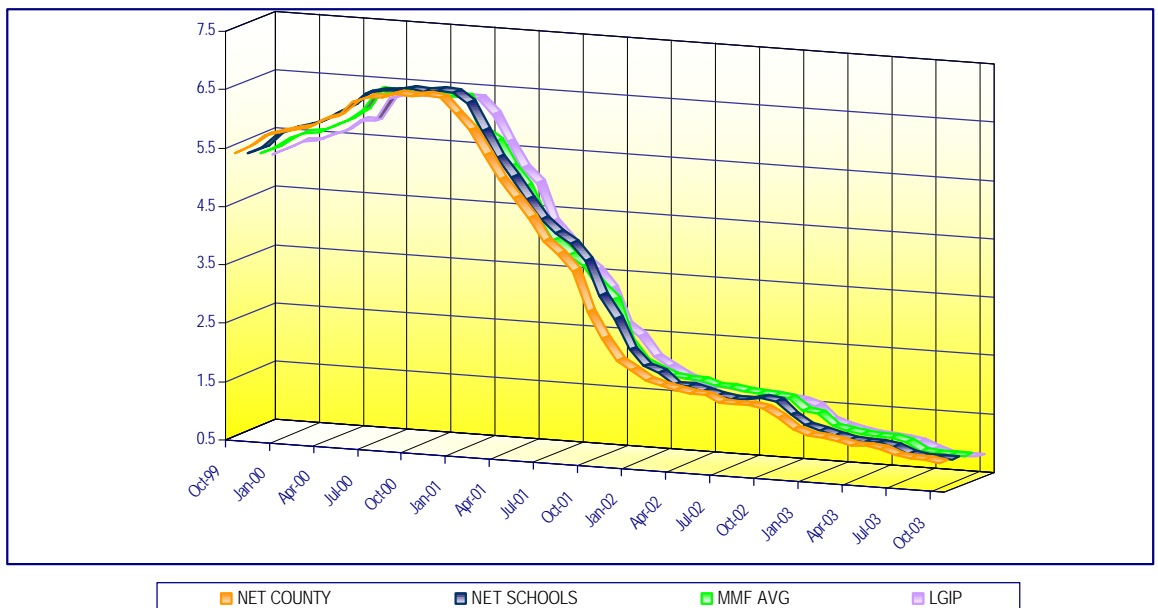
ORANGE COUNTY MONEY MARKET POOLS vs BENCHMARKS (GROSS)

For The Period October 1999 to October 2003



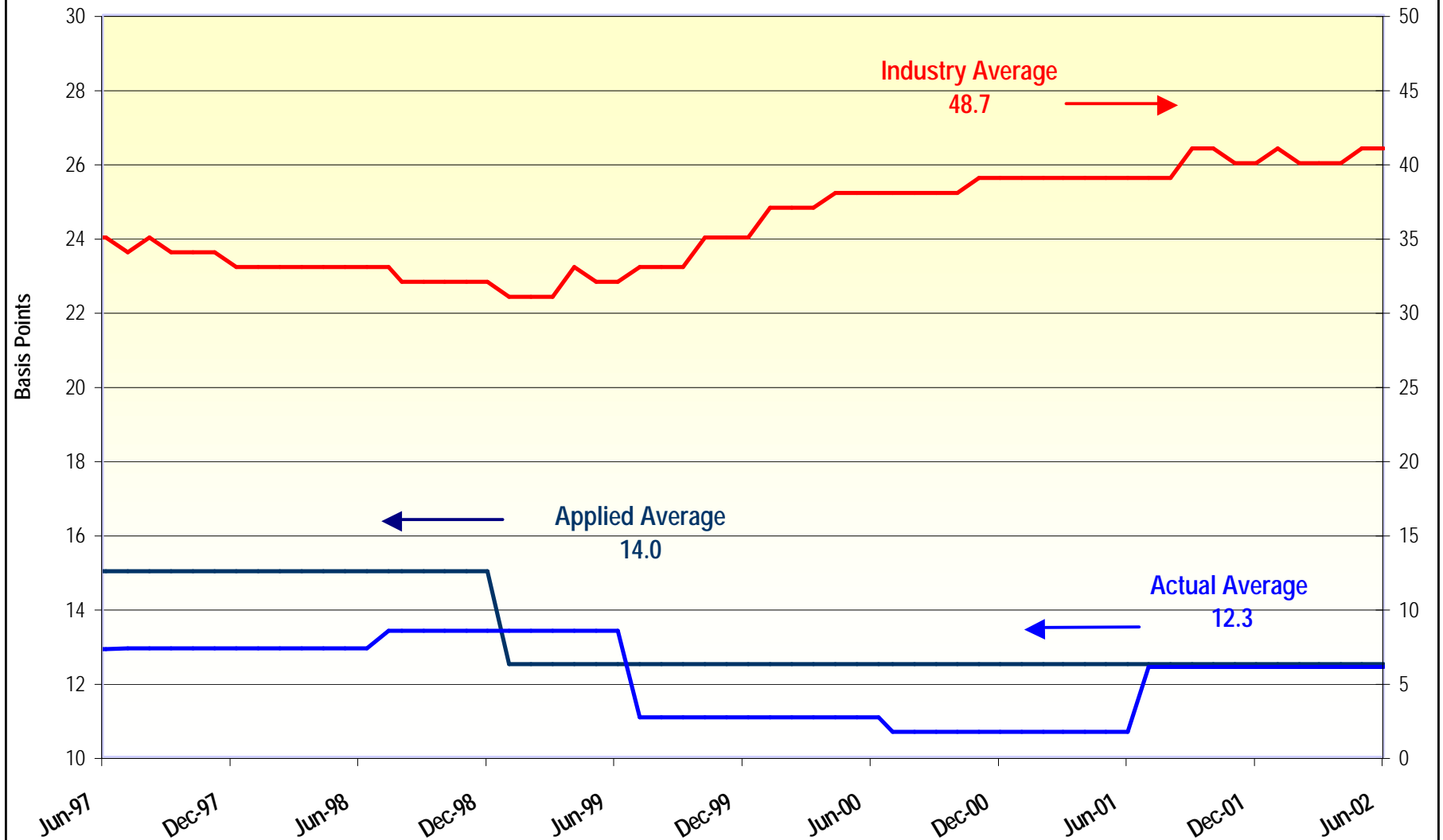
ORANGE COUNTY MONEY MARKET POOLS vs BENCHMARKS (NET)

For The Period October 1999 to October 2003



ORANGE COUNTY ADMINISTRATION FEE

For the Period January 1996 to June 2002



Orange County Investment Pool

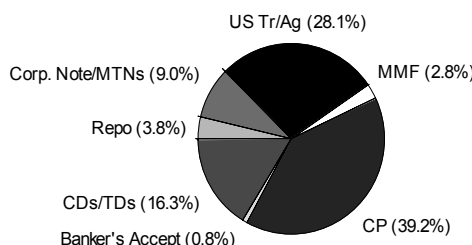
Ratings and Contacts

Category	Moody's Rating	Analyst	Phone
Outlook	No Outlook	Douglas A. Rivkin/New York	1.212.553.1653
Local Government Investment Pool	Aaa/MR1	Henry Shilling/New York	

Investment Objective

The Treasurer seeks to safeguard invested principal, to maintain sufficient portfolio liquidity and to achieve a reasonable rate of return or yield consistent with these objectives.

Asset Composition



Fund Profile

Orange County Investment Pool

Years Ended:	Nov 03	[1]2002
Total Net Assets (\$ Mil.)	2,636.0	2,670.9
WAM Range (min. & max in days)	123-198	194-207
WAM Average (in days)	131	196
Current Yield	1.22%	1.90%

[1] Rating assigned on 8/6/02

Fund Facts

Advisor: Orange County Treasurer
 Organized In: California, United States
 Custodian: Bank of New York (The)
 Fund Phone: 714 834-3411
 Web Address: www.oc.ca.gov/treas/monthrep.htm

Rating Assigned: 6 August 2002
 Shareholder Base: Governmental Entities

Opinion

The Aaa credit rating and MR1 market risk rating assigned to the Orange County Investment Pool, a local government investment pool managed by the Orange County Treasurer's Office, reflects the strong overall credit quality of the pool's investments, the highly liquid portfolio structure relative to its cash flow requirements, and its conservative investment guidelines and practices. The rating also reflects the pool's effective operating control and compliance procedures with respect to trade execution, documentation, and portfolio review.

The Pool represents monies entrusted to the Orange County Treasurer by governmental entities within the county. The pool is run according to the conservative investment policies and practices adopted by the treasurer to conform with the California Government Code, as well as the county's own more restrictive guidelines.

The portfolio holdings of the Pool are well diversified and very conservative. Permissible investments include securities

issued by the U.S. government, its agencies or instrumentalities; commercial paper; bankers acceptances and certificates of deposit; corporate medium term notes; repurchase agreements with high quality counterparties; and Moody's rated money market funds.

The Pool is composed of a money market portfolio whose average maturity is limited to 90 days and an extended portfolio whose average maturity is limited to 549 days.

The Pool has a captive participant base as the various local government entities are required by California state law to deposit their funds with the county treasurer. Mandatory participants represent 98.5% of the money deposited in the Pool. This captive investor base results in low investor sensitivity to yield and a more predictable cash flow profile for the pool. Consequently, risk due to unexpected or volatile cash flow is expected to be minimal.



Orange County Educational Investment Pool

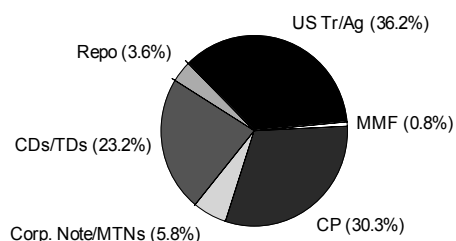
Ratings and Contacts

Category	Moody's Rating	Analyst	Phone
Outlook	No Outlook	Douglas A. Rivkin/New York	1.212.553.1653
Local Government Investment Pool	Aaa/MR1	Henry Shilling/New York	

Investment Objective

The Treasurer seeks to safeguard invested principal, to maintain sufficient portfolio liquidity and to achieve a reasonable rate of return or yield consistent with these objectives.

Asset Composition



Fund Profile

Orange County Educational Investment Pool

Years Ended:	Nov 03	[1]2002
Total Net Assets (\$ Mil.)	1,961.9	2,045.7
WAM Range (min. & max in days)	48-121	47-54
WAM Average (in days)	107	51
Current Yield	1.24%	1.46%

[1] Rating assigned on 8/6/02

Fund Facts

Advisor: Orange County Treasurer
 Organized In: California, United States
 Custodian: Bank of New York (The)
 Fund Phone: 714 834-3411
 Web Address: www.oc.ca.gov/treas/monthrep.htm

Rating Assigned: 6 August 2002
 Shareholder Base: Governmental Entities

Opinion

The Aaa credit rating and MR1 market risk rating of the Orange County Educational Investment Pool, a local government investment pool managed by the Orange County Treasurer's Office, reflects the strong overall credit quality of the pool's investments, its highly liquid portfolio structure relative to its cash flow requirements, and its conservative investment guidelines and practices of the treasurer, who is responsible for safeguarding the invested principal. The rating also reflects the pool's effective operating controls and compliance procedures with respect to trade execution, documentation, and portfolio review.

The Pool represents monies entrusted to the Orange County Treasurer by educational institutions in the County of Orange. The pool is run according to the conservative investment policies and practices adopted by the treasurer to conform with the California Government Code, as well as the county's own more restrictive guidelines.

Permissible investments include securities issued by the U.S. government, its agencies or instrumentalities; commercial paper; bankers acceptances and certificates of deposit; corporate medium term notes; repurchase agreements with high quality counterparties; and Moody's rated money market funds.

The Pool is managed as a money market portfolio that is limited to an average weighted maturity of 90 days and an investment in the Orange County Investment Pool extended portfolio, whose average maturity is limited to 549 days. Mandatory participants, including the Orange County school districts represent 100% of the money deposited in the Pool. This captive investor base results in low investor sensitivity to yield and a more predictable cash flow profile. Consequently, risk due to unexpected or volatile cash flow is minimal. These characteristics distinguish this Pool from money market funds subject to Rule 2a-7 of the Investment Company Act of 1940 or bond mutual funds.



Credit Products
Credit Analysis

Orange County Treasurer's Money Market Investment Pools

Ratings

Orange County Treasurer's Money
Market County Investment Pool.....AAA/V1+
Orange County Treasurer's
Money Market Educational
Investment Pool AAA/V1+

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Summary

The Orange County Treasurer's Money Market County Investment Pool (the commingled pool) and the Orange County Treasurer's Money Market Educational Investment Pool (the educational pool) are rated 'AAA/V1+'. The county and educational pools, with approximately \$2.4 billion and \$1.7 billion in assets, respectively, as of Aug. 31, 2002, are managed separately but are subject to the same investment policy statement, guidelines, and objectives. Local government investment pools rated 'AAA' meet the highest standards for credit quality, conservative investment policies, and safety of principal. The pools' 'V1+' volatility ratings reflect low market risk and a strong capacity to return stable principal values to participants, even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch Ratings weekly.

Rating Considerations

- Conservative investment policies and practices, as evidenced by tight maturity limits and avoidance of volatile derivative securities. Use of leverage is prohibited by policy.
- High standards for credit quality and diversification of portfolio securities.
- High degree of liquidity resulting from the maturity profile of the portfolio securities and the composition of pool participants. Strong ability to forecast ongoing cash requirements and meet these requirements through portfolio security maturities and overnight liquidity.
- Solid management oversight and operational controls.

Overview

The county and educational pools are managed by the Orange County treasurer on behalf of the pool participants. Participants in the county pool include the county and various county special districts. Participation in the educational pool is limited to the 31 county school districts. The pools' investment objectives are to maintain safety of principal, meet pool participants' daily cash flow needs, attain a money market rate of return, and maintain a stable \$1.00 net asset value.

Investment Practices

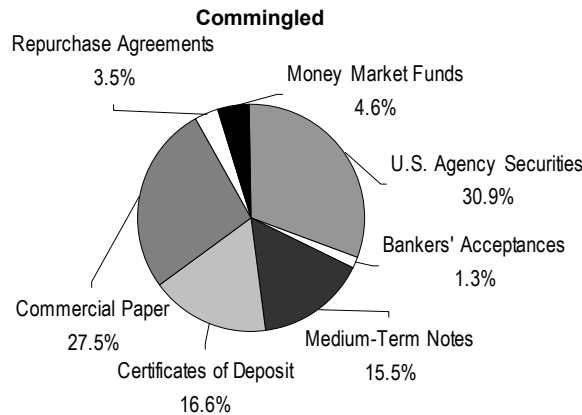
Composition

The pools invest exclusively in approved securities pursuant to the California government code. These securities include: U.S. Treasury securities and other obligations, which, by their terms, are full faith and credit obligations of the U.S. government; direct obligations of U.S. agencies and U.S. government-sponsored enterprises; municipal debt; highly rated commercial paper, bankers' acceptances,

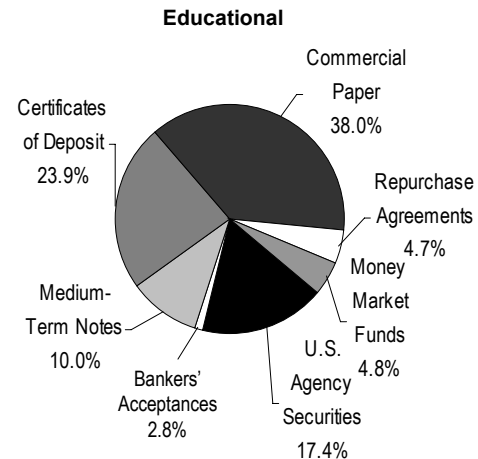
November 7, 2002

Portfolio Composition

(As of Aug. 31, 2002)



Note: Numbers may not add to 100% due to rounding.



medium-term notes, receivable-backed securities, and negotiable certificates of deposit; qualified money market mutual funds; and repurchase agreements collateralized with obligations permitted by the California government code. In addition, the pools enter into repurchase agreements only with highly rated counterparties.

Market Risk

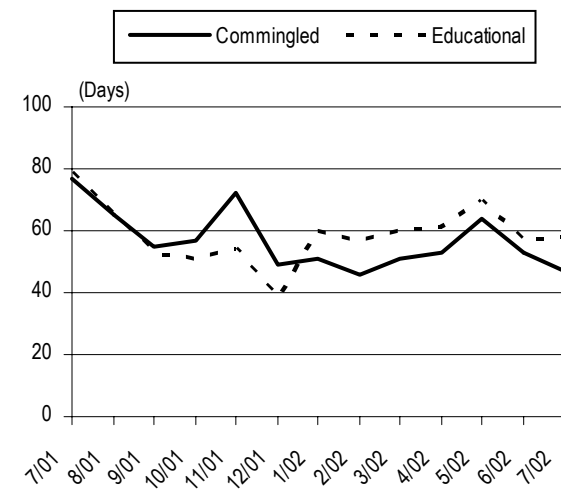
The pools' policies regarding maturity limits follow the main points of Rule 2a-7 of the Investment

Company Act of 1940, which governs Securities and Exchange Commission (SEC)-registered money market funds. Specifically, by policy, pools must maintain a weighted average maturity (WAM) of all portfolio securities of 90 days or less, and the maximum maturity of any portfolio instrument must be 13 months or less. As of Aug. 31, 2002, the commingled and educational portfolios' WAMs were approximately 182 days and 51 days, respectively.

The pools maintain a conservative investment strategy that uses a modified "ladder" approach to investing, laddering most investments in the overnight to six-month range in combination with a smaller percentage of investments maturing between six and 13 months. This strategy, with a significant portion of the portfolios in overnight and short-term securities, provides for a high degree of liquidity and facilitates the pools' ability to satisfy participants' ongoing liquidity requirements. In addition, this laddering strategy minimizes exposure to interest rate volatility in any single sector of the money market yield curve.

The pools' conservative policies prohibit the use of leverage, including reverse repurchase agreements, and the purchase of volatile derivative products, such as structured note securities. The investment guidelines allow for the purchase of "plain-vanilla" types of floating-rate securities that are also allowable for SEC-registered money market funds.

Portfolio Weighted Average Maturity



■ Liquidity Management

The pools conservatively manage their maturity profile by holding a percentage of assets in overnight and short-term investments to ensure a high degree of liquidity to meet participants' anticipated and unanticipated operating needs. The portfolios' conservative approach to liquidity is reflected in their WAM limits and concentration in short-term investments; as of Aug. 31, 2002, 14.82% of the commingled pool's assets and 18.39% of the educational pool's assets matured within seven days. The pools are not allowed to own any individual security with a maturity of greater than 13 months. The pools' liquidity positions are bolstered by regular monitoring of expected cash flow needs and the composition of the participants, since virtually all the participants are required to maintain funds in their respective pools, as set forth in the California government code. Voluntary participant deposits to the county pool are permitted but are subject to the approval or disapproval of the county board of supervisors and the treasurer. At Aug. 31, 2002, voluntary participant accounts totaled \$12.43 million, or approximately 0.54% of the county pool.

■ Credit Quality

The pools have the highest credit quality on the basis of portfolio assets, investment practices, diversification standards, operational controls, and management oversight. The pools invest only in securities issued by highly rated entities and diversify across issuers. As of Aug. 31, 2002, the commingled

Investment Policy Concentration Restrictions

	Sector Limit	Issuer Limit
U.S. Treasury	100	100
U.S. Agencies	100	100
Commercial Paper	40	5
Bankers' Acceptances	40	5
Negotiable Certificates of Deposit	30	5
Money Market Funds	20	10
Repurchase Agreements	50	5
Asset-Backed Securities	10	5
Medium-Term Notes	30	5
State of California or Municipal Debt	10	5

and educational pools invested 30.9% and 17.4%, respectively, of their portfolios in 'AAA' quality U.S. agency securities. The balance of the pools was invested in diverse money market securities issued by highly rated entities. Eligible money market instruments must be rated 'F1' or 'F1+', or equivalent, by a minimum of two nationally recognized statistical rating organizations. All counterparties to repurchase agreements are highly rated, and collateral supporting the transaction is held in constructive possession on the pools' behalf by a custodial bank. Moreover, the pools restrict concentrations in any one issuer or type of issuers (other than the U.S. government and its agencies) to minimize exposure (*see table above*).

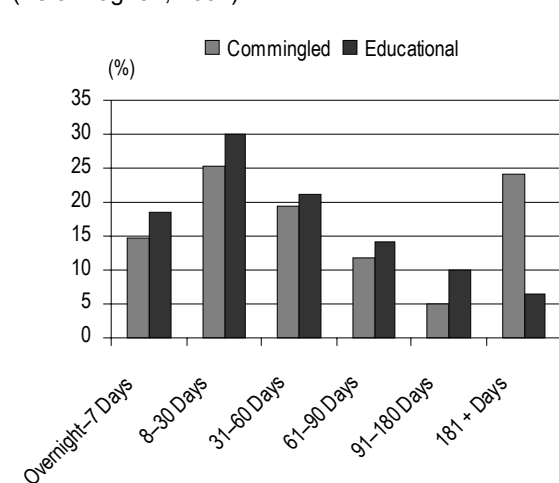
■ Organization

The pools are managed by the Orange County treasurer and staff according to a uniform investment policy. Following his appointment on March 17, 1995, the treasurer established an experienced investment management team responsible for the daily management of the pools. At the request of the 31 school district participants in the Orange County treasurer's money market investment pool that their funds be managed separately, two pools, the commingled pool and educational pool, were established in July 1995. The pools are subject to separate accounting and record-keeping, and The Bank of New York Co., Inc. holds the assets of the pools in separate custodial accounts.

In accordance with the California government code, a treasury oversight committee reviews the pools' investment practices and policies on a regular basis. The committee members, nominated by the treasurer and approved by the county's board of supervisors, consist of the county executive officer, auditor-controller, superintendent of schools or a designee, and two public members. The treasury oversight

Portfolio Maturity Profile

(As of Aug. 31, 2002)



committee is charged with, among other things, requiring the annual review of the treasurer's investment policy, including specific guidelines with respect to security types, maturity terms, and dealer selections. The committee also reviews monthly portfolio reports from the treasurer and is required to initiate the performance of an annual audit to ensure compliance with the established investment policies.

The Orange County treasurer's commingled and educational investment pools bear no resemblance to

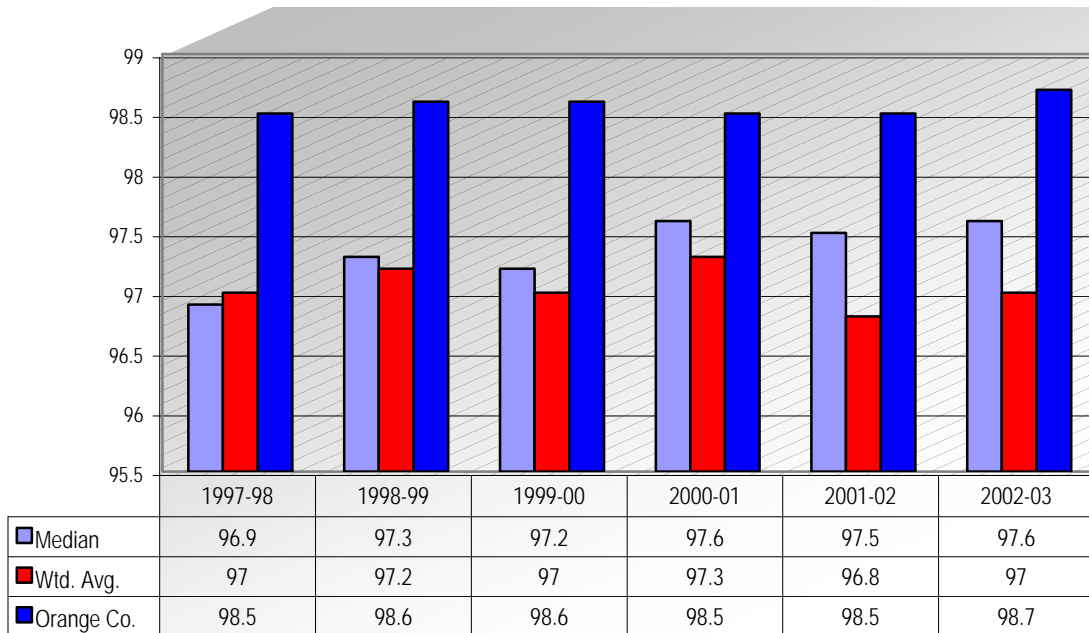
the Orange County investment pool that filed for protection under Chapter 9 of the U.S. Bankruptcy Code on Dec. 6, 1994, following losses ultimately totaling approximately \$1.6 billion. In response to the bankruptcy, the county prepared and submitted a comprehensive recovery plan to the bankruptcy court. The restructured pools have a much shorter duration, use no leverage, and represent a substantial reduction in risk, as noted by their 'AAA/V1+' ratings.

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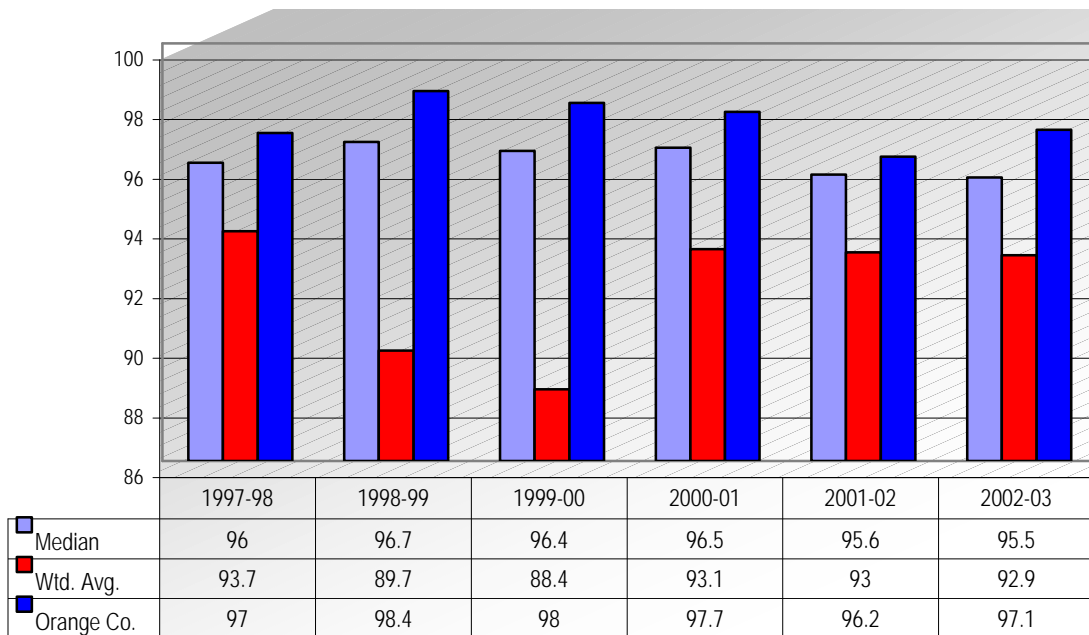
STATEWIDE PERCENTAGE OF PAID PROPERTY TAX

SECURED

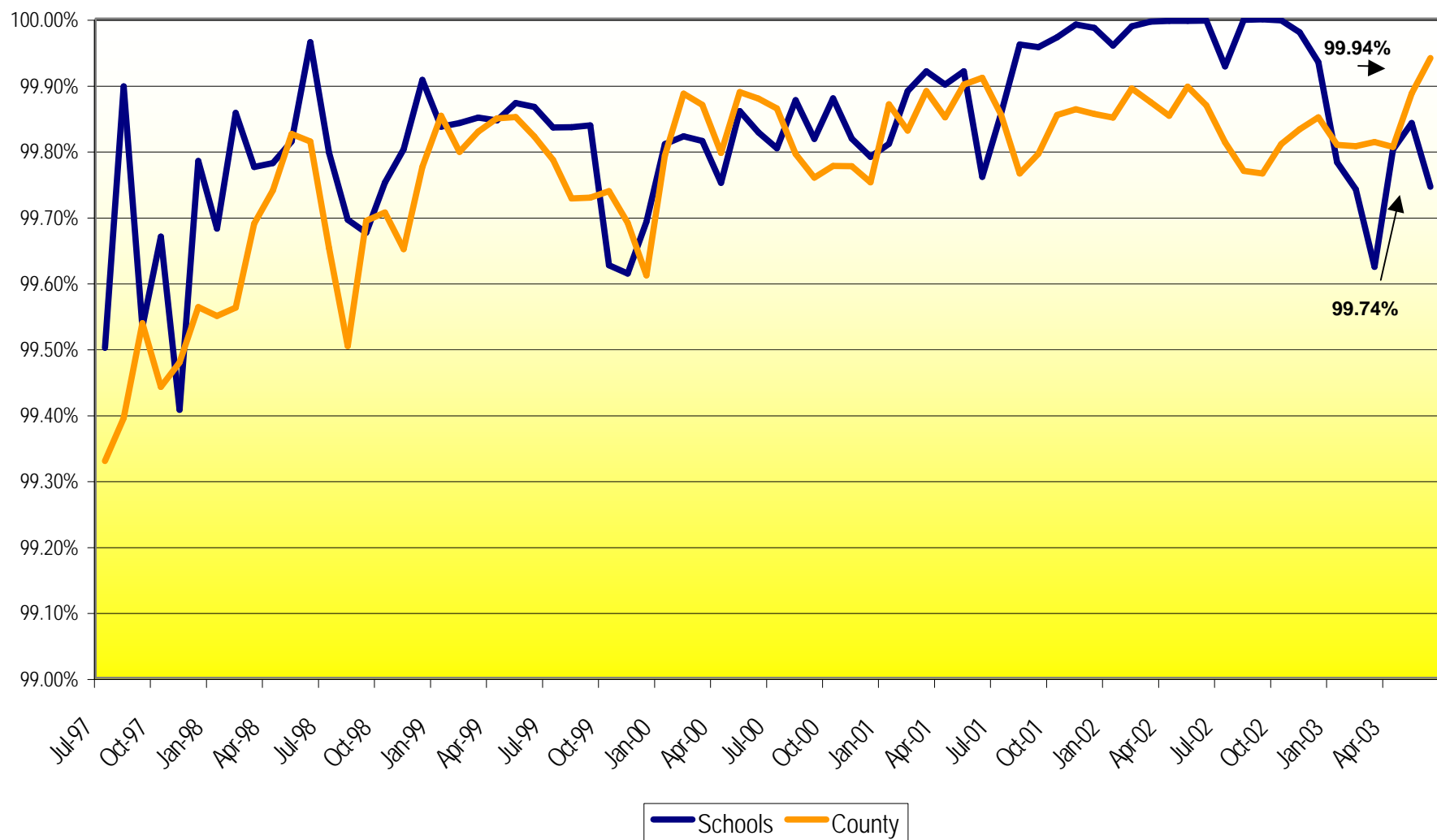


STATEWIDE PERCENTAGE OF PAID PROPERTY TAX

UNSECURED



Percent of Total Cash Invested July 1997 to June 2003



III. CHALLENGES FOR THE TREASURER-TAX COLLECTOR DEPARTMENT

1. HUNTINGTON BEACH PROPERTY TAX OVERRIDE REFUND

The City of Huntington Beach has imposed a voter approved property tax override to pay for city employee retirement benefits since 1966. The County has collected the property tax override for the city on the secured property tax bill. On April 2, 2001, the city lost a lawsuit filed by the Howard Jarvis Taxpayers Association that challenged a portion of the property tax override.

The Treasurer-Tax Collector developed a refund claims process working with the Clerk of the Board and the City of Huntington Beach while the city appealed the Superior Court decision to the State of California Fourth Appellate District Court. In July 2003, the city lost on a 2 to 1 decision and has decided to not appeal to the State Supreme Court.

The estimated number of property tax refunds is approximately 132,000 claims on 120,000 parcels for each of four years (1997-98 through 2000-01). The city has decided to implement their own property tax refund claims process that will not be included in the County tax records. As a charter city they have the right to do so. We are working cooperatively with them to provide the information necessary from the County tax roll to enable them to be successful.

Our initial challenge is to develop a Memorandum of Understanding with the city that meets the specific refund requirements of the city while protecting the County from future claims by Huntington Beach residents. The ongoing challenge is the public interface effort to educate the citizens of Huntington Beach on the unique features of their refund claims process.

2. COAST COMMUNITY COLLEGE DISTRICT

Life is full of surprises! This year we faced an unexpected challenge and are proud to serve as a conduit for an amicable solution to a potentially serious financial problem.

Coast Community College District ("the District") in 2002 obtained voter approval for a property tax to fund a \$110 million bond issue for district improvements. The debt service for the initial bond issue for FY 2003-04 was \$13.2 million. An error in setting the tax rate by the Auditor-Controller and the District was not discovered prior to the issuance of the 2003-04 secured property tax bills. The incorrect tax rate will result in a shortage of \$9.6 million needed to make a payment of principal and interest on August 1, 2004. The error impacts approximately 183,000 property tax bills or approximately one-fourth of the entire tax roll.

The Auditor-Controller notified us of the error and we proactively worked as a team to arrive at the best solution for both the County and the District. Considerable time was spent assisting the Auditor-Controller in resolving this matter. We were pleased with the cooperation and eagerness of all the parties involved to quickly work out a cost effective solution with minimum impact to the constituents of the District. This office arranged a meeting with the Auditor-Controller, County Counsel, the District and their legal representatives. It was soon determined that the cost of correcting tax bills and mailing would exceed \$450,000. The resulting confusion and overtime needed to respond to numerous phone calls, emails, and public counter visits would be immense.

In consulting with the Auditor-Controller and County Counsel, we suggested a temporary transfer of funds to the District, to be repaid from a doubling up of the property tax rate in FY 2004-05. Coincidentally, the

District suggested the same approach. On a house valued at \$500,000 the property tax increase amount from FY 2003-04 to FY 2004-05 will be \$150. There will be some additional programming costs by the Auditor-Controller and our department in order to display the "catch-up tax rate" on the tax bill plus the cost of a special insert to be included with the tax bill mailing. We expect to receive numerous phone inquiries and emails when the property tax bills are mailed in 2004-05 related to this matter. However, we intend to work closely with the District, the Auditor-Controller and County Counsel in developing an informative public information campaign to minimize taxpayer confusion.

3. BUDGET CONSTRAINTS

At the end of 2003 the dismally incompetent Gray Davis era ended abruptly with the second successful gubernatorial recall in United States history. The state's voters have seen the mess that was created that we, as county employees, are living with. And the voters spoke.

The state's budget crisis was inherited by the successor to Gov. Gray Davis, Gov. Arnold Schwarzenegger, who immediately reduced the vehicle license fee by two-thirds. This was a great symbolic move on the new Governor's part. Unfortunately, he didn't cut state taxes. He cut tax revenues dedicated to counties and cities. Oops. Although a backfill of these revenues was not in sight as of the writing of this Business Plan, one has been implemented only to find another \$1.3 billion being taken from counties and cities.

"In a special report released in August, Fitch Ratings warned that California's local governments could face trouble in the 2005 budget cycle."

"Our forecast that the future had some concerns has come [true] sooner and to a greater extent than we had expected,' the report's author, Amy Doppelt, said this week. 'We remain concerned not only about fiscal 2005, but 2004 as well.'"

"Moody's Investors Service said many cities and counties in California are likely to face 'extraordinary financial challenges in coming months as a result of the state's fiscal crisis.'"

The Bond Buyer, Friday, December 12, 2003, page 28.

Last fiscal year our Department incurred the damages of a large, overgrown cyst that pushed every discretionary item out of our budget. Hopefully, the Data Center will discontinue its hemorrhaging in the next year or two. Until the swelling goes down, there is nothing left for us to downsize other than in the area of personnel. Accordingly, with the retirement of our Assistant Treasurer and the efficiencies garnered from our recent technological improvements, the potential of staff reductions will be seriously considered.

It should be strongly noted that the population of Orange County has grown by some 25 percent since 1994. Our department has only grown by one employee in that same time frame, and that includes absorbing key management staff to implement the post-bankruptcy decentralization strategies. Consequently, compared to the growth in other county departments, the Treasurer-Tax Collector Department should be one of the last to venture into this downsizing frontier. But, needs pressing, we will.

4. COUNTY OF ORANGE VS. COUNTY OF ORANGE HEARING BOARD NUMBER 3

Superior Court Judge John Watson ruled that the County of Orange could not increase the assessed value of secured property more than 2 percent per annum. This flew in the face of 25 years of history since the success of Propositions 13 and 8. Now both propositions are in jeopardy. The temporary market value declines in the early 1990's exposed this "recapturing method" to several rounds of scrutiny. Only Judge Watson has ruled that it is unconstitutional. Regretfully, the Board of Supervisors concurred. Accordingly, the appeal of this case was relegated to the Assessor. The Treasurer-Tax Collector was pulled in later for potential tax refund administration purposes.

Working closely with the Assessor and the County, we spent fiscal year 2002-03 responding to and filing various motions in Superior Court. Superior Court issued a final judgment and closed the case in April 2003. In June 2003, the Treasurer-Tax Collector, Assessor and County filed a notice to appeal the final judgment. An appellate court review is required to address both statewide uniformity and equal protection issues. The case has been put on an accelerated calendar with an initial hearing date of January 7, 2004. On this date oral arguments were made and we are now awaiting the Appellate Court's decision. The contingent liability estimated by the Auditor, should we be unsuccessful, is in excess of \$416 million in refunds plus another \$167 million reduction in future tax collections.

We are hopeful that we will prevail and have retained an excellent legal. However, as noted in the last two Business Plans, we continue to prepare for a worst-case scenario which would require the issuance of thousands of tax refunds to Orange County property owners. If we are required to process refunds we anticipate the delay of many of our high priority Assessment Tax System projects.

5. MAINFRAME

The Assessment Tax System (ATS) which processes \$3.5 billion in revenues each year, is in critical need of re-engineering: it must be rewritten in a programming language that can be easily maintained and moved from the current Mainframe environment to a cost-effective client/server architecture. The funds required to achieve this effort have not been allocated by the County. There is some hope that the State will provide the County Assessor with the appropriate funds via Assembly Bill 589. However, in 2002-03 the State refused to grant these funds to the County of Orange. The system must be funded in order to proceed with its replacement. The project has already been delayed one year due to lack of funds.

6. MAINTAINING OUR LOW EXPENSE RATIO

Our costs for investment related services are charged to our participants. It is computed by dividing the actual costs by the average account balances. This calculation has determined that we can reduce our yield to our participants by .125 percent. For example, if we earn 1.125 percent for the month, our participants will receive 1.00 percent yield. Retail money market mutual funds average an expense ratio in the area of 0.70, or nearly six times our costs. Accordingly, if the gross return for a retail money market fund is 1.125 percent, its depositors would receive a 0.425 percent yield.

Keeping our costs down provides for a more attractive yield to our participants. That, ironically, is becoming one of our greatest challenges. The challenge of keeping costs down.

We have been staying at the 12.5 basis point level because our average account balances have been increasing every year. However, with further usage of reserves, we are facing an era of declining cash balances.

How do we intend to meet this challenge? We have two "private sector" approaches that must be more proactively pursued. The first is to market and solicit more outside participants into our investment pool. The second is to expand our services utilizing the people, talent and tools already at our disposal.

With the year 2004, this department will have a nearly ten-year track record of managing a money market local government investment pool. It has two "AAA" ratings. It has exceeded its benchmarks. It has been safe. Even in turbulent times, we have not missed our benchmarks. It is now time to collectively support a collegial marketing effort to encourage cities and agencies within the county's borders to seriously consider utilizing our investment pool. Higher balances equals lower fees. This equals higher net yields, which is the primary purpose for utilizing the County Treasurer's investment pool.

We intend to be more proactive in soliciting for outside participants. This is something we have not done in the past. In fact, the extent of our prior marketing has been to graciously welcome those who elected to participate on their own volition. We have a positive story to tell. We will do so.

One area where we can expand our services is to offer our expertise to other agencies within the county. One recent endeavor was to respond to the Transportation Corridor Agencies' request for proposal to be an escrow agent for their upcoming bond refinancing that will result from their anticipated merger. Stretching our staff will provide them with useful experience and growth opportunities, as well as a non-tax revenue source for our department.

It's time to think outside the box. And we're more than happy to take a private sector perspective for our little business of managing taxpayer dollars.

IV. RESOURCES

Funding Sources

The Treasurer-Tax Collector's budget for fiscal year 2003-2004 is \$14.4 million in expenditures and \$10.7 million in revenues. The difference, or Net County Cost, is \$3.7 million. The components of the \$10.7 million in revenues are as follows:

➤ Investment Services Revenue Paid by the Treasury Pool Participants	\$6.3
➤ Credit Card User Fees	2.3
➤ SB 90 and AB 589 Revenue	0.5
➤ Supplemental Tax Roll Cost Reimbursement from the State	0.5
➤ Tax Collector User Fees	<u>1.1</u>
Departmental Revenues	<u>\$10.7</u>

Finances

Our budgeted expenditures for the fiscal years 1994-1995 to 2003-2004 are attached. This shows where we have been and where we are going. Our actual results are provided for the fiscal years 1994-1995 to 2002-2003 for comparative and planning purposes.

The budgeted expenditures for fiscal year 2003-2004 were increased over the actual expenditures for fiscal year 2002-2003 by \$1,867,673, and are primarily attributed to increased costs for Salaries and Benefits, Banking Services, and Data Processing Services.

The increase in Salaries and Benefits is due to county-negotiated salary agreements, and increased costs for health insurance and workers' compensation insurance.

The increase in Banking Services costs is offset by cost applied reimbursements and credit card revenue. (Since completing our conversion to Wells Fargo Bank from Bank of America in fiscal year 2002-2003, our department's net banking services costs have decreased.)

Data Processing Services costs will continue to be a major expenditure for our department, with savings dependent upon the time required for us to convert from the County's mainframe computer system to a less costly client-server platform.

Pursuant to SB 2557, the Assessor, Auditor-Controller, Clerk of the Board and Treasurer-Tax Collector departments, who are involved in the assessment and collection of property taxes, are reimbursed by cities and special districts for property tax administration services. For fiscal year 2002-2003, our department's reimbursement amount was \$782,000.

The County is reimbursed, pursuant to various provisions of the Revenue and Taxation Code, for the cost of advertising delinquent properties and for the expense of preparing the delinquent tax roll. For fiscal year 2002-2003, the reimbursement amount was \$650,000.

Our department administers the Transient Occupancy Tax (TOT) program for the County, which involves collecting TOT and auditing the various hotels/motels in the County's unincorporated areas. For fiscal year 2002-2003, the revenue collected from this was \$226,288.

The revenues stated above are not reflected in our budget but are a revenue source for the General Fund. The total amount of revenue diverted annually to the General Fund, which represents this department's share of the total expenses, is approximately \$1.7 million. As we have requested in prior Business Plans, we again respectfully request that these revenues be reallocated to our budget.

TREASURER-TAX COLLECTOR
BUDGETED EXPENDITURES versus ACTUAL EXPENDITURES

BUDGETED EXPENDITURES										
Category	FY 1994 - 1995	FY 1995 - 1996	FY 1996 - 1997	FY 1997 - 1998	FY 1998 - 1999	FY 1999 - 2000	FY 2000 - 2001	FY 2001 - 2002	FY 2002 - 2003	FY 2003 - 2004
Salaries /Benefits	3,722,643	3,361,578	3,479,073	3,657,656	3,726,112	3,895,795	4,221,123	4,913,356	5,345,680	6,397,302
Banking Services	975,408	1,200,000	800,000	1,789,880	1,777,500	2,274,150	2,637,642	2,790,300	2,378,047	3,822,854
Prof & Specialized Services	662,980	1,876,307	1,234,651	237,074	424,543	294,790	532,191	900,049	858,601	1,118,034
Data Processing Services	564,160	961,715	1,099,265	951,614	1,079,184	1,057,757	1,092,507	1,276,830	1,010,718	1,746,301
Postage	373,945	402,715	375,049	370,941	382,841	482,480	499,320	289,168	543,773	555,775
Office Expense	170,872	148,000	170,376	191,104	196,040	242,460	296,540	267,730	317,649	367,564
Communications	189,284	170,000	170,000	147,000	149,645	179,343	148,657	141,390	144,706	147,722
Maintenance	118,032	94,900	93,720	102,594	99,922	150,162	178,836	198,346	205,749	189,493
Minor Equipment	115,716	20,230	42,210	42,100	116,700	92,448	132,703	25,350	77,390	106,334
Temporary Help	67,906	30,000	30,000	30,000	30,000	64,709	36,027	30,260	66,703	42,336
Printing Costs - Outside Vendors	35,066	28,002	42,000	34,626	24,600	31,650	32,550	35,805	41,000	41,000
Publications & Legal Notices	49,746	45,000	56,200	66,000	66,000	57,200	69,570	76,527	84,180	84,180
Equipment	15,200	9,267	8,134	148,725	21,000	18,000	259,600	556,050	10,000	88,140
Other	33,986	47,054	248,683	(271,466)	(545,497)	(573,679)	(294,314)	(424,768)	(240,750)	(265,827)
TOTAL	7,094,944	8,394,768	7,849,361	7,497,848	7,548,590	8,267,265	9,842,952	11,076,393	10,843,446	14,441,208

ACTUAL EXPENDITURES									
Category	FY 1994 - 1995	FY 1995 - 1996	FY 1996 - 1997	FY 1997 - 1998	FY 1998 - 1999	FY 1999 - 2000	FY 2000 - 2001	FY 2001 - 2002	FY 2002 - 2003
Salaries / Benefits	3,554,415	3,361,577	3,455,136	3,557,830	3,705,027	3,863,734	4,156,337	4,913,355	5,653,804
Banking Services	498,059	149,061	311,924	1,427,639	1,780,561	2,236,095	2,786,477	3,164,944	3,466,766
Prof & Specialized Services	595,103	1,374,890	573,543	225,782	390,945	341,423	263,506	599,251	1,088,756
Data Processing Services	1,055,617	1,041,565	1,009,906	891,107	969,273	1,095,676	1,133,199	1,525,428	1,488,464
Postage	372,310	321,799	319,335	342,413	419,392	446,636	499,215	108,351	373,991
Office Expense	138,343	130,455	164,077	207,048	239,721	203,538	210,506	192,888	197,810
Communications	169,384	137,282	144,073	128,329	173,499	151,314	133,397	123,419	117,935
Maintenance	88,685	102,108	82,522	95,013	32,593	150,759	97,829	148,700	90,682
Minor Equipment	73,143	28,488	31,461	59,381	89,569	76,706	61,660	35,349	39,836
Temporary Help	66,654	28,083	34,894	64,113	63,296	84,394	79,297	48,497	16,695
Printing Costs - Outside Vendors	30,403	48,291	21,582	33,702	38,363	42,682	37,175	38,354	41,060
Publications & Legal Notices	50,997	74,319	63,527	34,792	50,700	64,072	64,115	83,408	116,714
Equipment	-	9,267	4,978	6,729	-	15,067	16,506	556,050	1,318
Other	30,275	16,574	244,562	(236,032)	(427,783)	(637,440)	(461,154)	(461,603)	(120,296)
TOTAL	6,723,386	6,823,759	6,461,519	6,837,846	7,525,156	8,134,656	9,078,065	11,076,391	12,573,535

APPENDIX A: 2003 BUSINESS PLAN GOALS AND STRATEGIES
(Actual and Anticipated Accomplishments for the Fiscal Years 2002-03 and 2003-04)

Goal 1

Manage and preserve the investment of all service recipient funds

- | | |
|--------------------|---|
| Strategic Plan 1.1 | <p>Automate the market research presentation for weekly investment committee meetings.</p> <p>Project will be complete this Fiscal Year (2003-04).</p> |
| Strategic Plan 1.2 | <p>Strategize with the Auditor-Controller to establish an Electronic Deposit Order via the Intra/Internet. Project deferred from 2001.</p> <p>The Auditor Controller has been reviewing the process of submitting accounting documents from other agencies. This would include evaluating the need to establish an Electronic Deposit Order. The Treasurer-Tax Collector staff is prepared to work with the Auditor Controller at such time that they are ready to implement these changes.</p> |
| Strategic Plan 1.3 | <p>Complete the procurement, implementation and training for a Treasury Management System. Work toward procurement of a Treasury Management System in process; final procurement and implementation to be completed by end of fiscal year (June 30, 2003).</p> <p>Project completed in spring of 2003. Sungard's Quantum and Bloomberg's Trade Order Management systems were implemented for an end-to-end investment, investment accounting, compliance, and cash management solution. The Agency's Information Technology group developed a leading edge interface between Bloomberg and Quantum (only a handful of Private sector organizations have one) to provide straight through investment processing- the County's investments and cash positions are immediately available to the Investment Group and the Cash Manager, maximizing the County's returns on investments.</p> |
| Strategic Plan 1.4 | <p>Conversion of Department of Education fund accounting system.</p> <p>Project will be complete this Fiscal Year (2003-04). We anticipate implementation to a new seven-digit chart of accounts by July 1, 2004.</p> |

Strategic Plan 1.5 Expand Imaging for Treasurer.

Project will be complete this Fiscal Year (2003-04). The Treasurer's office implemented imaging for Deposit Orders, all school transfer orders, Journal Vouchers and bank statements. We anticipate the imaging of all daily work by June 30, 2004. Many reports generated by the new Treasury Management System are now printed and stored electronically eliminating the need to print hard copies.

Goal 2

To collect all property taxes for service recipients in accordance with applicable laws

Strategic Plan 2.1 Continue to partner with the Assessor, Auditor-Controller, Clerk of the Board and Clerk-Recorder to develop, fund and implement a long-term plan for the Assessment Tax System (ATS). The total estimated cost for the entire project is \$15.6 million and has been included in the County's Strategic Plan as a priority project.

No progress this year due to lack of funding. Phase 1 of Project will be launched next fiscal year (2004-05) if the project is funded in time. Phase 1 will include creation of a Statement of Work followed by an RFP for the assessment of the current business processes and system ("As-Is"), the go-forward system ("To-Be"), and a Roadmap detailing the steps that will take the agencies to the "To-Be" system including completion of a prototype, or pilot module. The Treasurer-Tax Collector, Auditor-Controller and Clerk of the Board are actively pursuing a solution since the cost of the current Mainframe system exceeds its usefulness, and costs to these Agencies will continue to increase as other systems (SSA, CAPS) leave the mainframe. In addition, the Mainframe licenses expire (and will increase) in 2006 and resources who are able to support the current system are limited as it is written in an obsolete programming language (IDEAL). The new system will be client/server with a browser-based user interface and will be written in a readily supportable programming language.

Strategic Plan 2.2 Addition of Workflow imaging software for processing of payments requiring special handling.

Deferred due to other higher priority projects. Carry over to 2004-05 Fiscal Year. Exception Mail Processing needs to be improved by utilizing in-house imaging system and evaluate new workflow software available from various vendors.

Strategic Plan 2.3 Addition of increased archival capabilities to remittance processing to support research on items rejected by the bank.

Due to the implementation of the new 2-Pass system, the need to increase archival capabilities has been eliminated. Visible errors from Pass One are now corrected by our new Data Correction Modules (DCM) before processing through Pass Two. Most stringent edits incorporated in our new 2-Pass system have resulted in few bank rejects for debits and credits. Extra efforts afforded during Pre-Pass Two processing have substantially decreased the prior problems with bank debit/credit errors. Training on this new system continues to be the major objective. Experience gained through trial and error has been shared with staff to make them more efficient, confident and productive.

Strategic Plan 2.4

Continue E-Commerce offerings of additional payment options via the Internet, including all brands of credit cards and electronic checks.

Project completed prior fiscal year (2002-03). The Treasurer-Tax Collector participated in a pilot program with VISA this fiscal year and all credit card merchants are now accepted on the tax payment web site. Payments via checking or savings account are also accepted on-line. Information on secured, supplemental, prior year (delinquent) and unsecured taxes are available. Payments may be made on all taxes but the unsecured roll; unsecured payments are targeted for February/March 2004.

Strategic Plan 2.5

Obtain approval of AB 589 Property Tax Grant Program Funds to enhance the property tax administration system. A minimum of \$4.2 million in additional tax collections will be collected with the proposed enhancements.

AB 589 set aside more than \$6 million in grant funds for the County of Orange to improve upon its tax assessment and collection efforts. The County's Assessor, in collaboration with the County's Auditor-Controller and our department, submitted a grant proposal to the State's Department of Finance.

The grant was denied. Regretfully, it was denied through a bureaucratic process that can only be described as incompetent, non-communicative, and, most likely, politically vindictive. Every other county that submitted a grant application was approved. However, the number of signatures emanating from Orange County to recall the then Director of Finance's boss, Governor Gray Davis, may have had a considerable impact on the denial.

Fortunately, efforts expended in collecting Orange County signatures to recall Governor Davis were not pursued in vain. The electorate of the State of California formally requested that Governor Davis exit his office and replaced him with Governor Arnold Schwarzenegger. Governor Schwarzenegger has received considerable support from Orange County in his election efforts. We believe the climate for a fair review of our 2003-04 grant application is positive. However, due to the fiscal climate in Sacramento, there is also the potential that the funding will be eliminated or reduced.

We will work with the Assessor to pursue a successful grant application during the fiscal year.

Strategic Plan 2.6

Evaluate replacement of Automated Call Distribution (ACD).

Project will be complete this Fiscal Year (2003-04). Evaluation of current Automatic Call Distribution System (ACD) and issuance of an RFP for the appropriate upgrades to be completed by June 2004. IVR Pop-up screen capability to be added pending upgrade and/or replacement of ACD System.

Strategic Plan 2.7

Evaluate feasibility of enabling immediate direct ACH and imaging of tax payment checks.

The goal of this project would be to convert checks into ACH payments in order to reduce float. However, recent Federal banking legislation (Check 21) will change the way checks are presented between banks and thus, possibly reduce float. Due to this banking change and the current interest rate environment, it is not cost effective to complete the project at this time.

Additional strategies applicable to the Treasurer-Tax Collector department

Strategic Plan 3.1

Continue to provide employee development training opportunities to managers and staff.

Applicable to past fiscal year and current fiscal year. We continued to offer employee development through the consulting firm of Lillestrand and Associates. Six different topics were offered during this fiscal year. Training sessions are a combination of line staff, supervisors and managers collectively learning together.

Mandatory EEOC training sessions were conducted for all staff levels during this fiscal year. This training reinforced harassment awareness with all employees and will help to assist with the compliance of County/Departmental EEOC policies.

We continued to offer employee development through outside agencies, such as PSI, and professional training groups i.e., Padgett Thompson, E-Train, New Horizons Computer Group, National Seminars and American Management Association or a work-related conference or seminar limited to job specific topics.

Strategic Plan 3.2	<p>Reengineer Treasurer-Tax Collector facilities to maximize workflow efficiency.</p> <p>Deferred Pending receipt of AB 589 Funds. Please review Strategic Plan 2.5.</p>
Strategic Plan 3.3	<p>Continue the development of employee recognition, achievement and communication programs such as MPP and PIP.</p> <p>Applicable to past fiscal year and current fiscal year. Employee recognition awards were presented to five employees with outstanding achievements, including one individual who saved the County/Department approximately \$50,000 through his expertise and technical competency.</p> <p>Recognition is communicated by Supervisors, Managers and Executive Management through e-mail as well as our monthly department newsletter.</p> <p>Service awards are personally handed out to recipients annually as the opportunity arises for all department members to participate.</p> <p>The opportunity to attend specific training sessions such as MPP and PIP is communicated to all staff members by e-mail and monthly meetings.</p>
Strategic Plan 3.4	<p>Reevaluate the Treasurer-Tax Collector Business Continuity Plan.</p> <p>The Treasurer-Tax Collection department is in the final stages of developing a comprehensive Business Continuity Plan. The Business Continuity Plan will be complete this current fiscal year (2003-04).</p>
Strategic Plan 3.5	<p>Embrace strategic alliances to foster public confidence in the department and County. Continue to conduct various interface meetings with County Departments and key business partners. Enhance public service levels by investing in employee training programs.</p> <p>On-going priority for the Treasurer-Tax Collector's office. The Treasurer-Tax Collector's office continued to host the Assessor, Auditor, Clerk of the Board and Clerk Recorder interface meetings; held two Title Company Meetings; hosted the Annual Treasurer's Conference; conducted six in-house employee training programs; conducted 12 departmental training meetings and three top specific training sessions with the Assessor's Office.</p>

- Strategic Plan 3.6 Imaging of Human Resources Documentation/Personnel Records.
- Project will be complete this Fiscal Year (2003-04). We are currently in the process of procuring the proper computer and scanner equipment to allow this project to begin.
- Strategic Plan 3.7 Evaluation of Remote Access/Telecommuting.
- The Investment Divisions' Senior Financial Analyst has successfully telecommuted since February 2003 to the present. All required projects have been completed on schedule and the staff is comfortable working with the Senior Financial Analyst via email and the telephone.
- Strategic Plan 3.8 Commence early adoption of Websphere technologies for our agency applications. Websphere allows us to develop applications in Java for a browser-based system and may be used on either the mainframe or on a client/server platform. Our goal is to replace the Tax Collector functionality of the current ATS mainframe system, written in IDEAL, with an object-oriented browser-based system. The pilot project for this effort will be the conversion of our current mainframe-based Fund Accounting system to the Websphere browser-based platform.
- Project delayed due to lack of funding.
- Strategic Plan 3.9 As a result of enhanced efficiency from the Treasury Management System, engage a consultant to professionally review the Treasurer's divisional composition and workspace configuration.
- Project dropped due to lack of funding.

APPENDIX B: SERVICE ENVIRONMENT

Introduction

The Treasurer-Tax Collector Department provides centralized treasury and tax collection services for the County of Orange.

The Treasurer's Office is responsible for the receipt, custody, depository, investment, and recording of funds for the County, school districts and special districts. Responsibilities also include issuance of short-term debt on behalf of the County and school districts. In addition, this office acts as trustee in connection with unclaimed property and is responsible for the issuance, billing, collection, redemption and foreclosure of improvement bonds.

The Tax Collector's Office is responsible for collecting taxes on all secured and unsecured property in Orange County. This office is also responsible for the sale of property subject to the "power to sell," formerly known as delinquent tax deeded property. In addition to collecting Annual Racehorse Taxes, Transient Occupancy Taxes and Public Defender judgments, the Tax Collector also provides remittance processing services, information technology services and departmental administrative support.

The Treasurer-Tax Collector consists of the following major divisions:

Investment Management: Provide portfolio management, broker/dealer relations, investment/economic research, liaison for oversight committees and custody relation services.

Cash Management: Provide bank-related services and relationship management, cash optimization and forecasting and financial electronic commerce solutions.

Accounting/Compliance: Provide financial reporting, fund accounting, general ledger reconciliations, bank reconciliations, investment accounting and compliance services and defined benefit plan administration.

Collections: Provide centralized tax compliance services for delinquent unsecured tax collections, prior year secured property tax collections, public defender judgment collections, public information services, property tax problem payment processing and general correspondence.

Remittance & Cashiering: Provide automated remittance processing for all property tax rolls, refund accounting, tax roll accounting and cashiering for the Treasurer.

Administrative Services: Provide tax roll reconciliations, purchasing, contract administration, human resources, payroll services, budget, facility operations, telephone and network services for the Treasurer and Tax Collector Offices.

Information Technology: Provide systems development and maintenance support for numerous Treasurer-Tax Collector applications required for the depositing, accounting and collecting of funds.

In addition, two external committees provide oversight:

- The Board of Supervisors established the Treasury Oversight Committee (TOC) in December 1995. The primary purpose of this committee is to review and monitor compliance with the Treasurer's Investment Policy Statement (IPS). In this regard, the committee is required to cause an annual compliance audit of the Treasurer's investment activities.
- The membership of TOC is comprised of the County Auditor-Controller, the County Executive Officer (the representative appointed by the Board of Supervisors), the County Superintendent of Schools or designee and two members of the public. TOC may also include the County Treasurer, a representative of the school districts and community college districts, a representative of the special districts and up to three other members of the public.

Membership of the Treasury Oversight Committee is as follows:

Mr. Charles Schroeder, Committee Chairman, member of the public
Mr. Robert Fauteux, Committee Vice Chairman, member of the public
Mr. James D. Ruth, County Executive Officer, County of Orange
Hon. David E. Sundstrom, Auditor-Controller, County of Orange
Hon. William M. Habermehl, Superintendent of Schools, Orange County Department of Education

- The Treasurer established the Treasurer's Advisory Committee (TAC) in January 1996 to provide technical assistance to the Treasurer and the TOC with respect to the overall appropriateness of investment strategies and procedures. This includes the design and drafting of the Investment Policy Statement.

Membership of Treasurer's Advisory Committee is as follows:

Mr. George Jeffries, G.W. Jeffries & Associates
Dr. Wendy Benkert, Orange County Department of Education
Mr. Clyde E. Kendzierski, Sanwa Bank
Mr. Tim Tunney, Morgan Stanley
Mr. Ken P. Henderson, Serrano Water District
Mr. Jerry Slusiewicz, First Union Securities
Mr. Blake Christian, Holthouse Carlin & Van Trigt

APPENDIX C: CLIENT PROFILE

All service recipients for the Treasurer-Tax Collector's department are geographically located within the boundaries of Orange County with the exception of nonresident property owners.

The recipients of services for Treasurer Accounting, Banking and Investment Services provided by the Treasurer's Office are the County, special districts and school districts. The Treasurer's Office is responsible for the receipt, accounting and investment of all service recipient funds. Approximately \$ 4.5 billion is managed in three separate investment pools. In addition, approximately \$70 million is invested in specific investments for certain departments and special districts. Our treasury clientele benefit from our diligent cash flow planning, our professional investment management and the overall accounting and reporting services provided within the Treasurer's office.

The Tax Collector's Office is responsible for collecting \$3.5 billion in property taxes. It is important to note that the County General Fund's share is approximately \$182 million. This represents the largest source of general-purpose revenue for the County General Fund. The Tax Collector collects taxes from service recipients on behalf of approximately 280 taxing jurisdictions. These jurisdictions include the County, special districts, schools and cities of Orange County. Our tax collection clientele benefit from our tax bill dissemination, remittance and cashiering processing, past due collection efforts and taxpayer telephone assistance services.

Both departmental focuses are supported by administrative, human resources, purchasing and information systems services support staff.

Real property owners account for the largest percentage of service recipients, representing 790,000 of our 1.3 million tax bills. The top 20 corporations and companies are projected to pay 5.3 percent of the total \$3.1 billion due on the real property tax roll for the 2003-04 year. Service recipients remit property taxes in person, by mail, through mortgage impound accounts (CORTAC), utilizing convenient telephone payment alternatives, electronic fund transfers and over the Internet. Since October 2001, the secured and supplemental tax roll has been published on the Internet. We have added prior year secured and the unsecured property tax rolls in order to provide our clients with 24/7 access to all property tax rolls. The response by the public to the online tax payment information has been phenomenal! The total number of inquiries, or hits, has increased from 122,000 last year to 700,000 for the fiscal year ended June 30, 2003. Taxpayers also have the option to pay secured, supplemental and prior year secured tax bills on our website. We expect to add payment capability for unsecured property tax bills by first Quarter 2004.

With the expansion of payment options, we are meeting our goal of reducing the number of mail payments as a percentage of the total amount collected. For example, the dollars collected by mail declined from 71 percent to 69 percent of the total tax dollars collected compared to the prior year ended June 30, 2002. Electronic Payments (including impound accounts) increased from 29 percent to 31 percent.

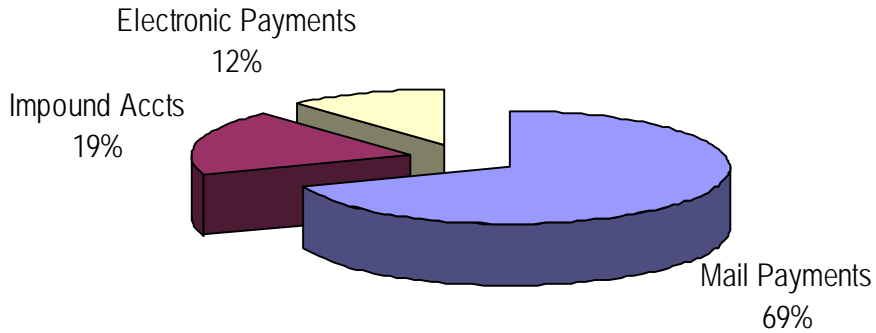
Please refer to the attached pie charts for a summary of the preferred method of payments by our clientele. We will continue to market electronic payments as a convenient and fast alternative payment method with cost savings benefits for both taxpayers and the County.

We continue to provide express payment service in the Tax Collector's Office at Civic Center Plaza in Santa Ana. On tax deadlines, we offer expanded office hours and have installed a night drop box. Many

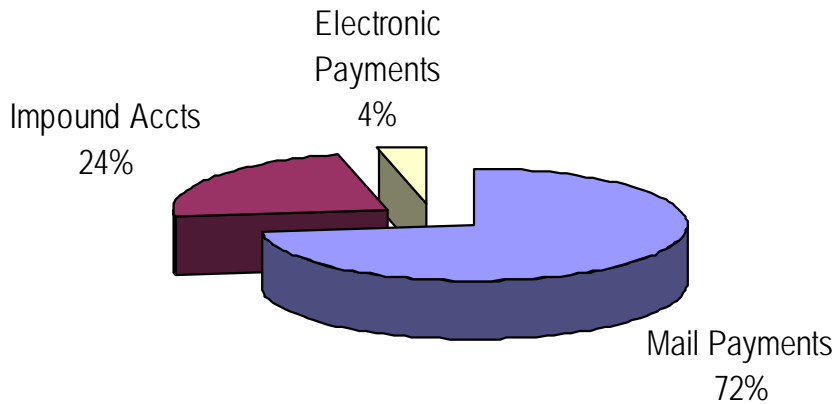
senior citizens and local residents prefer to personally deliver their payments. Our goal is to service the typical in-office payment transaction within 10 minutes of arrival. This requires the shifting of resources during our peak periods. We also recently installed an in-office express payment drop box to eliminate the need for many customers to wait in line.

Both offices of the Treasurer-Tax Collector's Department are aware of the need to utilize technology to provide service recipients with competitive products in today's environment of limited resources

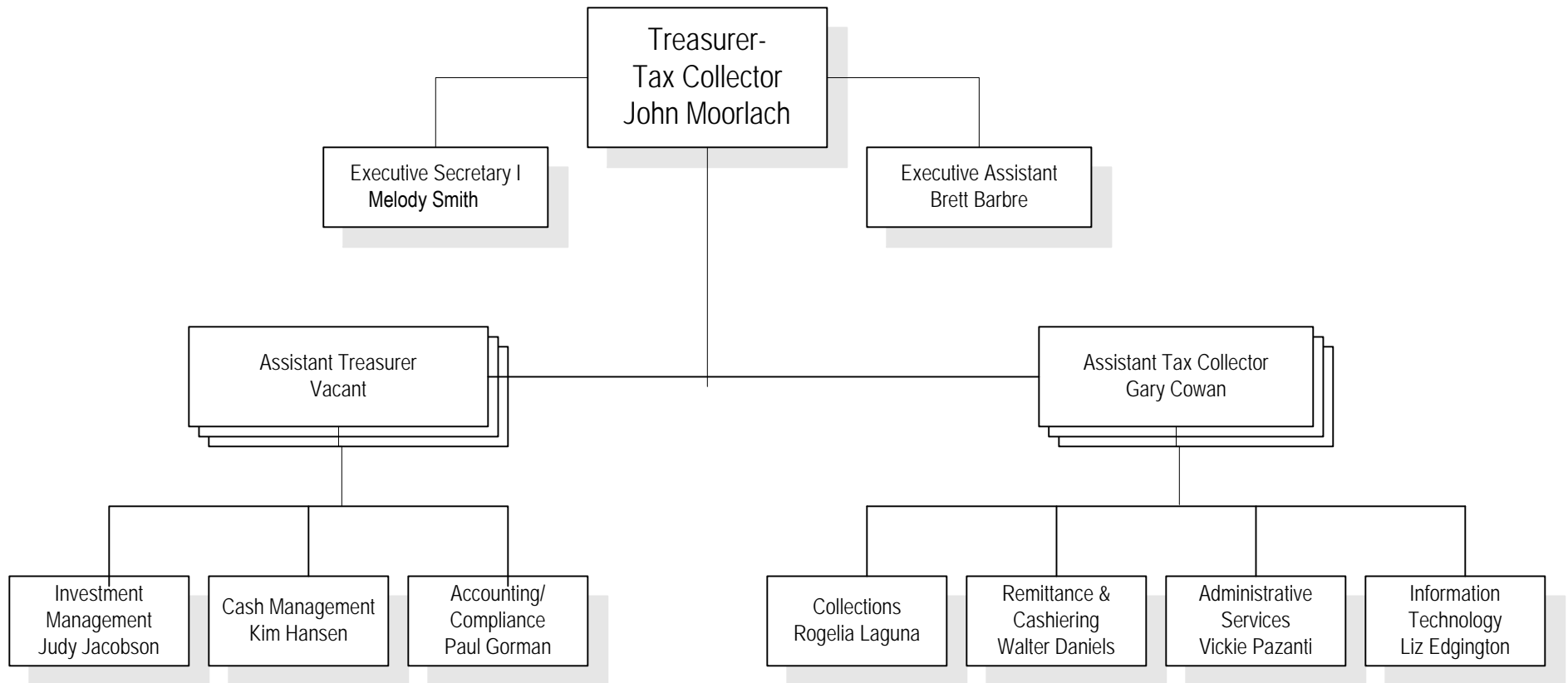
DISTRIBUTION OF DOLLARS COLLECTED For the Period July 2002 to June 2003



DISTRIBUTION OF PAYMENT TRANSACTIONS For the Period July 2002 to June 2003



APPENDIX D: TREASURER-TAX COLLECTOR ORGANIZATIONAL CHART



APPENDIX E: TREASURER-TAX COLLECTOR MANAGEMENT TEAM

John M. W. Moorchach, C.P.A., CFP®

Treasurer-Tax Collector

Mr. Moorchach is a Certified Public Accountant and Certified Financial Planner® with 18 years of private practice experience, 10 as partner of a large local accountancy corporation. In 1994 he ran a very public campaign, albeit unsuccessful, against the incumbent on the structure of the investment portfolio. He was appointed to fill the vacancy of Treasurer-Tax Collector on March 17, 1995, after the resignation of the former Treasurer, due to the County's \$1.64 billion in investment losses. Mr. Moorchach has been very active in investment legislation, management and professional education and has achieved significant accomplishments during his tenure. Mr. Moorchach also serves as an ex-officio member of the County's Public Financing Advisory Committee and is a director and past Chairman of the Orange County Employee Retirement System (OCERS) Board of Directors.

Gary Cowan

Assistant Tax Collector

Mr. Cowan joined the County of Orange in 1973. He began his career as an Accountant/Auditor I in the Auditor-Controller's Office. After Working in various capacities for 4 ½ half years, he accepted a promotional opportunity to work in the Treasurer-Tax Collector's office as an Administrative Assistant responsible for Budget, Tax Collector Accounting and Secured Tax Collections. Mr. Cowan has been the Assistant Tax Collector since 1993. He has a Business Administration Degree from the University of Southern California and a Masters in Public Administration Degree from California State University, Fullerton. In addition, he also attained a certificate in Public Treasury Management through the California Association of Treasurers and Tax Collectors, in cooperation with the University of Southern California, in 1993.

Vickie Pazanti

Administrative Services Manager

Ms. Pazanti has been a county employee since 1973. She began her county career in the Assessor's Department where she worked in various supervisory and management levels in the Roll Support Project. Twenty-four of her 27 years were spent supervising and managing a staff ranging from two to 39 employees. Upon obtaining a certificate in Human Resources Management, she accepted the promotional opportunity to join the Treasurer-Tax Collector's office as Human Resource Manager in March 2000. Ms. Pazanti currently manages the Administrative Services division, which is responsible for overseeing the preparation of the budget, purchasing of all services, supplies and contracts payroll, Human Resources and accounting.

Judy Jacobson

Chief Investment Officer

Ms. Jacobson has more than 24 years of experience managing investment portfolios and cash/banking departments. She is responsible for managing the county's \$5 billion portfolio. Ms. Jacobson's staff is comprised of three management professionals and two rotating college interns. Prior to joining the county, she worked the private sector for 11 years. Her experience includes such industries as real estate development, health care management and banking services. Starting at the county in 1990, Ms. Jacobson filled the newly created Assistant Investment Officer position and she currently serves as the Chief Investment Officer. Ms. Jacobson graduated with honors from California State University, Fullerton

with a Business Administration Degree in Finance emphasizing investments. She has passed the Certified Financial Planner® exam.

Kim Hansen, CTP

Cash Manager

Ms. Hansen originally joined the County of Orange in March 1980. She began working in the Tax Collector's Accounting Unit. In 1984, she was promoted to the Investment Technician in the Treasurer's office. Ms. Hansen left the county to go into business with her husband. For four years, she owned and operated a restaurant in Carlsbad. After returning to the Treasurer's office in March 1994, Ms. Hansen was promoted to Assistant Cash Manager in 1996 and later promoted to the Cash Manager position in 2000. Ms. Hansen earned her certification as a Certified Cash Manager (Certified Treasury Professional) in 1996.

Liz Edgington

Information Technology Manager

Ms. Edgington joined the Treasurer-Tax Collector's Agency as IT Manager in 2001 after working in the private sector for 25 years. She has managed technology departments and projects for several banks including Wells Fargo, and spent five years in the aerospace industry at Northrop Grumman. Her management of financial systems continued at Janus Mutual Funds and she most recently served as a Consulting Manager to the financial industry for Deloitte Consulting. Ms. Edgington graduated with a Bachelor of Science from Cornell University in 1977. She currently serves on the boards of two non-profit agencies in Orange County and resides in Laguna Niguel.

Paul Gorman

Accounting/Compliance Manager

Mr. Gorman joined the Treasurer-Tax Collector as Treasury Accounting/Compliance Manager in 1996. He has 25 years of progressive and diversified experience in financial reporting, accounting and auditing, including 16 years as a Certified Public Accountant in public practice. He has successfully managed a broad variety of accounting systems and projects with primary responsibility for supervision and motivation of personnel, systems planning and implementation. He has extensive background using management information systems for financial reporting, accounting, budgeting, cash flow and other complex financial analyses. Mr. Gorman graduated with a Bachelor of Science in Business Administration (Accounting) from California State University, Long Beach in 1978. He is a past president of the Vista Rotary Club and has served on the boards of various non-profit agencies.

Walter Daniels

Remittance and Cashiering Manager

Upon immigrating to the United States of America, Mr. Daniels joined the County of Orange in October 1988. With a background of serving as an executive officer of the United Kingdom British Telecommunications, he started working in the Recorder's Office. In May 1990, Mr. Daniels was promoted to the Redemption Division of the Tax Collector's office as an Accountant Assistant. He has worked in several positions within the Tax Collector's office, performing a wide variety of tasks. Since March 1998, he has been managing a busy, dynamic team of workers in the Remittance and Cashiering Division. His Division has a compliment of 20 employees comprising of 2 Accounting Supervisors, 3 Accounting Technicians, 2 Senior Accounting Assistants and several Data Entry Technicians, Accounting Assistants and Property Tax Technicians.

Rogelia Laguna**Tax Compliance Manager**

Ms. Laguna joined the Clerical Unit of the Treasurer-Tax Collector's office in 1983. She was promoted to the Accounting Assistant II in the Redemption Division and was later promoted to Clerical Supervisor I. She was later promoted to Senior Office Supervisor responsible for the Redemption Division. In 1993 Tax Sales, Segregations, Parcel and Tract Map and Pre -Power to Sale responsibilities were added under her command and her position was upgraded to Senior Accounting Supervisor. Currently she is managing a very large Collections Division, consisting of one Sr. Accounting Supervisor, one Sr. Office Supervisor, one Accounting Supervisor and a Tax Compliance Officer Supervisor. The total number of staff under her management is 36, who are responsible for collecting tax payments for all tax rolls (Unsecured, Secured, Supplemental and Prior Year) and providing excellent customer service.

APPENDIX F: LABOR MANAGEMENT COMMITTEE (LMC)

Department committee members are: Colleen Avila, Darlene Kataoka, Leslie Ruiz, Vickie Pazanti and Walter Daniels. This committee works collaboratively with a representative from Orange County Employee's Association (OCEA) to resolve issues that are of concern with department employees.

Members of the LMC partnered with members of the Control Self-Assessment Committee (CSA) to recognize employees with outstanding achievements that have contributed to the success of the Department. One recipient that received a Shining Star award saved the Department/County \$50,000.00 through his technical expertise by creating a software program that links two critical systems.

The Labor Management Committee continues to be available to discuss issues as they arise. The LMC encourages input of ideas and suggestions for improvement of the work environment.

APPENDIX G: BUSINESS PLAN TEAM

John M. W. Moorlach, Treasurer-Tax Collector
Gary Cowan, Assistant Tax Collector
Vickie Pazanti, Senior Staff Analyst
Paul Gorman, Principal Accountant/Auditor
Judy Jacobson, Chief Investment Officer
Liz Edgington, Information Technology Manager
Kim Hansen, Cash Manager
Walter Daniels, Senior Accounting Officer Supervisor II
Rogelia Laguna, Tax Compliance Office Manager
Melody Smith, Communications Director

NEW INFORMATION SYSTEMS REQUEST FORM
FISCAL YEAR 2004-05

Agency/Dept:	Treasurer-Tax Collector, Auditor-Controller, Clerk of the Board	Division:	Information Technology
Contact Person:	Liz Edgington	Phone Number:	714/834-6122
Funding Source(s):	General Fund	Date:	12/22/2003
Name of Project:	ATS Needs Assessment	Requested Amt. for FY 04-05:	\$ 1,510,000
		Estimated Total Project Cost:	\$8 - \$10MM

- **Type of Request** (check the box that applies):

New Project ☒ *New Phase of an Existing Project* ☐ *Previously Approved Strategic Priority* ☒

- **Evaluation Criteria:**

Evaluation of this request will be based solely upon the merits of the project management plan attached to this request.

- **Project Management Plan:**

Please attach your project management plan to this request. This plan does not have to be long but should clearly address the following areas:

I. Project Overview

Executive Summary

Objectives (Business and Technical)

Project Scope (Size of project in terms of licensing, hardware and level of effort)

II. Project Timeline, Duration and Management Structure

Include total timeframe/duration/endpoint of project, project management structure/resources, and major milestones.

III. Return on Investment (ROI)

Include expected benefits to the Department/Agency as well as the overall benefits to County Government and our constituents.

Include analysis of potential dollar savings. Projects that can demonstrate potential dollar/budgetary savings will be given priority.

IV. Alignment with Agency Business Plan, County Standards and Existing Systems

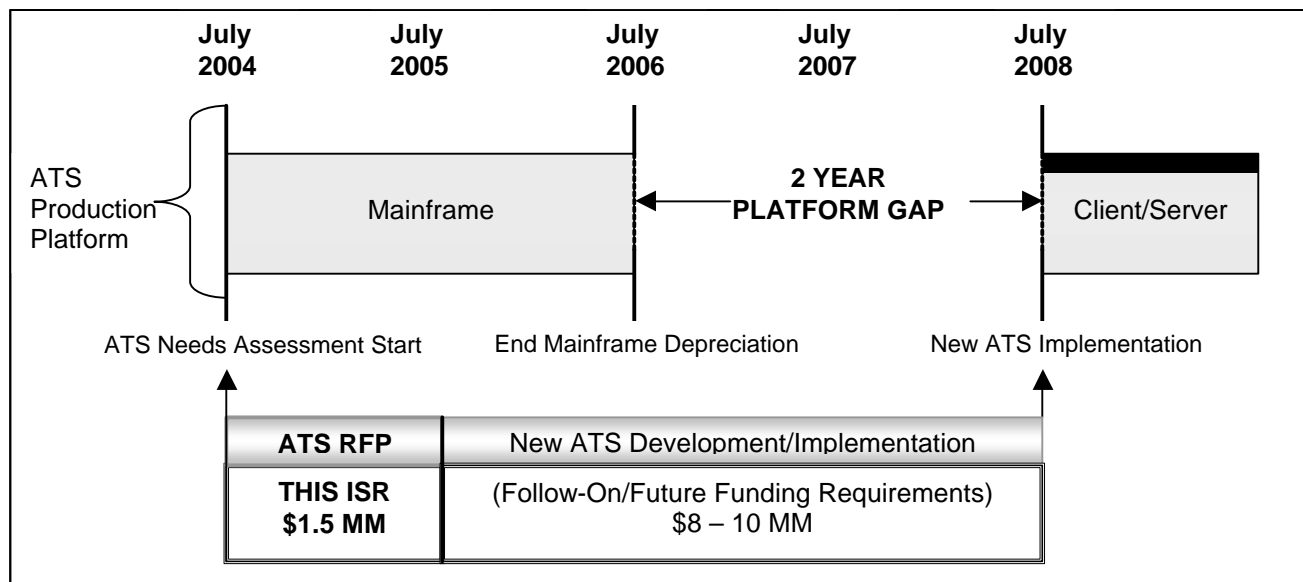
List any hardware/software to be purchased and/or describe high-level functionality to be developed and explain how this aligns with existing County standards or systems. Also explain how this project is aligned with the goals or key outcomes contained in your organization's business plan.

Information Systems Request for ATS Needs Analysis: Attachment

Project Summary: The Orange County Assessment Tax System (ATS) has been identified as a Strategic Priority for the County. Because the system is written in an obsolete programming language (IDEAL) that will not be supported in the future, and because the County Enterprise Platform is changing, the Treasurer-Tax Collector, Auditor-Controller, and Clerk of the Board will replace and re-host a new ATS system to support their Agencies. The replacement of ATS first requires a Needs Assessment: a one-year effort to document the current business processes, the desired business processes and system requirements, and to create a roadmap for replacement of the old system. The ATS Needs Assessment will result in an RFP –or- a Functional/Technical Requirements Document.

This ISR is a request to fund the ATS Needs Assessment.

A follow-on project will be a three to four year effort to implement the new ATS for use by the three Agencies and is dependent on the outcome of the Needs Assessment. It is not included in this request. Note that a decision on platform must be made prior to the start of the follow-on project:



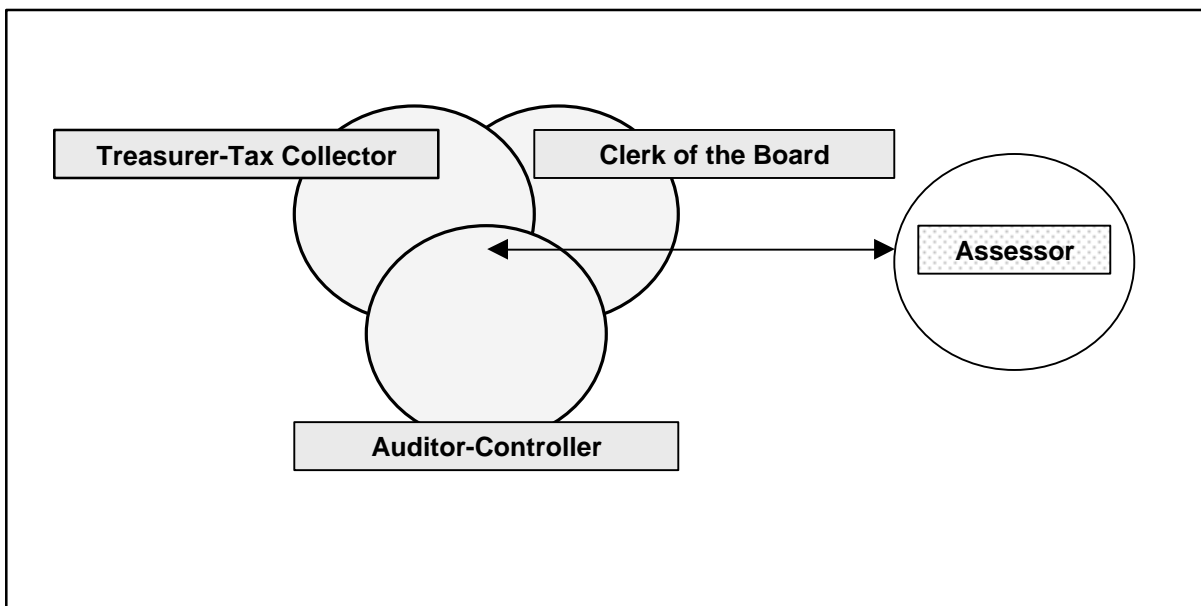
Background: ATS processes over 1,000,000 assessments for Orange County: the system calculates tax amounts due for each property, processes the collection of over \$3.1 billion in property taxes annually, and administers thousands of assessment appeals each year. ATS allocates tax revenues to approximately 250 Districts and Cities in the County. The system supports short payments, long payments, non-payments, late fees and penalties. It supports roll corrections- one of the most complicated processes within the ATS application. The Auditor-Controller processes approximately 60,000 roll corrections per year. Finally, a module outside ATS but written in the same obsolete language on the Mainframe is the Fund Accounting System, which provides fund accounting for the County's \$5.5 billion in investments.

For the work of the Treasurer-Tax Collector, Auditor-Controller and Clerk of the Board, the system is made up of more than 1,000 programs with over a million lines of code, and databases of approximately 125 Gigabytes (1 Terabit) in Production, Test, and Development. (To put this in perspective, the 1990 Federal Census Database was 125 Gigabytes and contained all socio-economic and demographic information, race-ethnicity, employment, income, educational level, and poverty data for every block and census tract in the United States, as well as US foreign trade data by commodity from every city in the US to every

country in the world. It also contained the digitized map outline boundary data for every city block in the US.) This is a large database.

Information Systems Request for ATS Needs Analysis: Attachment (cont')

Scope: The ATS Needs Assessment will impact all 3 agencies within this ATS community, including the Treasurer-Tax Collector, Auditor-Controller, and Clerk of the Board. (The Assessor Agency will be pursuing its own strategy for the replacement of its portion of the current ATS system.) The RFP or Requirements Document must address not only the functions and magnitude of ATS but also the complexity of the integration of application modules between the Treasurer-Tax Collector, Auditor-Controller, and Clerk of the Board. In addition, the critical need to utilize certain Assessor data must be documented.



Project Team: The project will be staffed as follows- some team members will be required on a full time basis, others will be required for a few days:

1. Project Manager –Consultant (Team Member 1)
2. Business Process/Systems Analyst -Consultant (Team Member 2)
3. BP Analyst/Systems Architect –Consultant (Team Member 3)
4. Analyst/ Documenter -Consultant (Team Member 4)
5. ARK consultant 1/2 time (Subject Matter Expert) (Team Member 5)
6. ARK consultant 1/2 time (Subject Matter Expert) (Team Member 6)
7. ACS DBAs (Team Members 7 and 8)
8. ACS Network Techs (Team Members 8 and 9)
9. ACS Analysts/Subject Matter Experts (Team Members 10, 11, and 12)
10. Agency Technical Staff (Team Members 13 through 23)
11. Agency Business Users (Team Members 24 through 35)

Information Systems Request for ATS Needs Analysis: Attachment (cont')

Project Costs: (Note that 'FTE' is 'Full Time Equivalent' or 2,000 hours/year)

Fiscal Year 2004-5	Quantity	Cost/Unit	# Hours	Cost
Consultants	4 FTE	\$130/hr	8,000	\$1,040,000
Contractors (ARK)	1 FTE	\$72/hr	2,000	\$144,000
ACS	1 FTE	\$76/hr	2,000	\$164,000
Subtotal Prof Services				\$1,348,000
Requirements S/W Tool	10 seats	\$5,000/seat	N/A	\$50,000
Configuration Mgt Tool	10 seats	\$6,000/seat	N/A	\$60,000
Subtotal Software				\$110,000
Staff Training	10 seats	\$3,000/seat	N/A	\$30,000
Subtotal Training				\$30,000
Server/Network Equip.	2 units	\$5,000/unit	N/A	\$10,000
Consultant Desktops	4 units	\$3,000/unit	N/A	\$12,000
Subtotal Hardware				\$22,000
Total Funding Requested				\$1,510,000
Internal Staff Resources	3 FTE	\$65/hr	6,000	\$390,000
Total Real Cost				\$1,900,000

Project Funding: In 2002, an ISR was submitted for this project for FY 2003-2004. It was approved by CEO-IT but was not funded- there was hope that Assembly Bill 589 would provide a grant to Orange County for improvement of the County Assessment Tax process and that these funds would be used for the ATS Needs Analysis. However, the State elected to deny the grant to Orange County and the project went un-funded in 2003-2004. The limited likelihood of funding this project in 2004-2005 with AB589 funds virtually guarantees yet another year of delay if the County relies on them. For ATS to be replaced and re-hosted before the County platform is changed, the project must be funded for FY 2004-2005. Further delay will result in additional cost to the County as ATS becomes either the sole system on the current Mainframe or is moved to another Mainframe awaiting the replacement of the system. It is difficult to estimate these costs- but a Rough Order of Magnitude would place Mainframe costs at \$14MM/year and Client/Server costs at \$8MM/year or less. Using this ROM, continued delay will result in significant over-expenditure of County funds by as much as \$6 MM. A potential further loss of millions in tax revenue will result as the ATS system's obsolete code becomes unsupportable and the system begins to fail.

We cannot plan or expect that AB589 will fund this Needs Analysis project. Therefore, this project will have to be fully funded from the County General Fund.

Information Systems Request for ATS Needs Analysis: Attachment (cont')

Project Plan

Before the beginning of FY 2004-5, a Statement of Work for the ATS Needs Assessment project will be developed by current County IT Management from the 3 affected Agencies. Consultants will be given the Statement of Work, interviewed, selected and contracted for a project start date of July 1, 2004. An evaluation matrix will be used to make the selection. On or before June 30, 2005, either an RFP (with Functional Requirements) or a complete Functional and Technical Requirements document will be delivered to the Agencies. The decision on which of these documents will be required will be made by Agency Management at the completion of the Business Process and Systems analysis. It will be evident at that time whether the County can replace the ATS system using existing resources, or if an RFP will be required to contract Professional Services and/or a new vendor ATS product to supplement the County team.

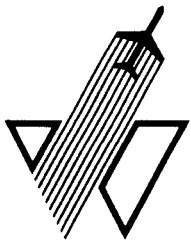
Project Management and Governance

A Project Manager will be responsible for the creation and/or administration of the project plan, schedule, budget, requirements, deliverables, risk, documentation, training, communication plan, issues/problem tracking and the achievement of final delivery on time, within budget, and according to specifications. Because this Project Manager will be contracted from outside the County, a member of one of the Agencies will act as the vendor manager. Two project leaders will be assigned to the project to assist the Project Manager and to act as business liaisons. Weekly project status meetings will be held with the project team and all adjustments to scope will be presented to the Steering committee (see below) for approval. The project team will be dynamic depending on the project's phases, and both technical and business staff will be included on the team.

A Steering committee will be established to include the Treasurer-Tax Collector, the Auditor-Controller, the Clerk of the Board, and the CEO-Chief Information Officer. CEO-Finance will also be invited to join the committee as a voting member. The committee will meet on a regular basis to review the status of the project and determine resolution of issues that require executive attention. Agency staff selected by the Department Heads will also attend the meetings to provide status and clarification as required. A chair will be selected at the first meeting.

High Level 1- 4 Q Project Schedule

1. July 1 – September 30: Business User Interviews and documentation of 'As Is' environment
2. October 1 – December 31: Analysis and documentation of 'To Be' environment
3. January 1 – March 31: Development and Delivery of Road Map
4. April 1 – June 30: Completion and Delivery of RFP or Requirements Documentation



**JOHN WAYNE
AIRPORT**
Orange County, California

Alan L. Murphy
Airport Director

March 31, 2004

John Moorlach
Treasurer-Tax Collector
County of Orange
12 Civic Center Plaza, Room G76
Santa Ana, CA 92701

Re: John Wayne Airport Money Market Investment Pool

Dear John,

We received your letter requesting re-evaluation of the Board's decision to segregate the John Wayne Airport Money Market Investment Pool from the County Investment Pool.

As you know, the County's filing for Chapter 9 Bankruptcy protection raised a number of concerns with respect to the handling of Airport revenues. These concerns, communicated by a multiple of interested parties, focused on the previous practice of commingling Airport revenues with the Orange County Investment Pool. At your request, we are again engaging the FAA, air carriers, rating agencies and bond insurers on this matter.

Please do not hesitate to contact me if you have any questions or would like a status on our ongoing progress.

Sincerely,

Alan L. Murphy
Director

3160 Airway Avenue
Costa Mesa, CA
92626-4608
949.252.5171
949.252.5178 fax
www.ocair.com

cc: James D. Ruth, County Executive Officer

